

The NATIONAL UNDERWRITER



593 Years of Service



An imposing record

The Agents of these Companies share with us pride in the fact that five of the Companies under Crum & Forster management are now in their second century.

THE NORTH RIVER INSURANCE CO.	Organized 1822	130 Years
UNITED STATES FIRE INSURANCE CO.	Organized 1824	128 Years
THE BRITISH AMERICA ASSURANCE CO.	Incorporated 1833	119 Years
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	115 Years
THE WESTERN ASSURANCE COMPANY	Incorporated 1851	101 Years
		593 Years

OLD COMPANIES LIKE OLD FRIENDS WEAR WELL... Over a span of almost six centuries these companies have survived the trials of Peace and War; Prosperity and Depression; Inflation and Deflation, and have profited by the experience. They have kept faith with Agents and Policyholders—mindful of the trust and confidence reposed in them. They are old in years, but young in spirit, and have kept abreast of changing times and conditions—always adhering to sound underwriting principles. With each passing year, we have an increasing appreciation of the contribution which our Agents have made to the good name and reputation of the Companies.



CRUM & FORSTER
MANAGER



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UNITED STATES FIRE INSURANCE CO.	Organized 1824	THE WESTERN ASSURANCE CO., U. S. Branch	Incorporated 1851
THE NORTH RIVER INSURANCE CO.	Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch	Incorporated 1833
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C.	Incorporated 1923

WESTERN DEPT. FREEPORT, ILL. PACIFIC DEPT. SAN FRANCISCO SOUTHERN DEPT. ATLANTA ALLEGHENY DEPT. PITTSBURGH VIRGINIA CAROLINAS DEPT. DURHAM, N. C.

THURSDAY, MAY 29, 1952



FINANCIAL STATEMENTS DECEMBER 31, 1951

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	\$12,275,000.	\$108,470,990.	\$61,257,086.	\$47,213,904.
Girard Insurance Company of Philadelphia, Pa. <small>Organized 1853</small>	1,000,000.	10,711,510.	6,979,138.	3,732,372.
National-Ben Franklin Insurance Co. of Pitts., Pa. <small>Organized 1846</small>	1,000,000.	10,476,694.	6,617,586.	3,859,108.
Milwaukee Insurance Company of Milwaukee, Wis. <small>Organized 1852</small>	2,000,000.	28,159,650.	17,868,349.	10,291,301.
The Metropolitan Casualty Insurance Co. of N. Y. <small>Organized 1874</small>	1,500,000.	36,291,676.	27,904,445.	8,387,231.
Commercial Insurance Company of Newark, N. J. <small>Organized 1909</small>	2,000,000.	42,686,336.	33,078,793.	9,607,543.
Royal General Insurance Company of Canada <small>Organized 1906</small>	100,000.	433,385.	6,568.	426,817.

Pittsburgh Underwriters - Keystone Underwriters

WESTERN DEPARTMENT
120 So. LaSalle Street
Chicago 3, Illinois

SOUTHWESTERN DEPARTMENT
912 Commerce Street
Dallas 2, Texas

HOME OFFICE
10 Park Place
Newark 1, New Jersey



CANADIAN DEPARTMENTS
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

PACIFIC DEPARTMENT
220 Bush Street
San Francisco 6, Calif.

FOREIGN DEPARTMENTS
102 Maiden Lane
New York 5, New York
206 Sansome Street
San Francisco 4, Calif.

Georgia Assn. Fights Auto Dealer-Agents, Commends Cravey

H. M. Carter Named
President to Succeed
C. H. Cook at Savannah

SAVANNAH, G.A. — Calling on all members to support only those companies which operate "in the full spirit" of the American agency system, Georgia Assn. of Insurance Agents at its annual meeting here adopted a scathing resolution against a growing practice in the state of appointing automobile dealers to write general lines of insurance.

Commissioner Cravey, in another resolution, was commended as a "fearless public official who is facing a large problem brought upon him in the exercise of his duty," and extended appreciation for his efforts in seeing that "all companies doing business in Georgia are worthy of the opportunity." The action apparently supports Mr. Cravey, although not naming the specific incident or company, in his fight against Bankers Life & Casualty.

Harry M. Carter, John D. Carswell Co., Savannah, was named president to succeed Charles W. Cook, Moultrie. C. Sims Bray, Jr., Lipscomb-Ellis Co., Atlanta, was elected first vice-president, and E. L. Cantrell, Rome, second vice-president. William M. Fambrough, Columbus, was reelected state national director.

Oppose Term Rule Changes

The association also went on record against any change in the term rule and discounts as "an unwise and ill-considered move," and not of benefit to the insuring public. Instructions were given to so notify the S.E.U.A. which was meeting at Hot Springs, Va., this week.

With an attendance approaching 400, and marked by many members who had not attended a convention before, the association was complimented on all sides for its constructive achievements the past year.

In his report of the administration, Mr. Cook took especial note of the part the association played in helping to defeat a fire commission regulation bill in the last session of the legislature. He repeated the association's plea that, regardless of members who feel that commissions should be increased or decreased, "we have stood by a principle that agents' commissions are a matter of individual contract between the agent and the company, and we want no state or governmental regulation of the commission structure."

Association membership, highest on record, now totals almost 520, representing a gain of 200 the last 2½ years, he said.

In a rather unusual action, State National Director Fambrough's report on National association affairs received such unusual acclaim that it was voted to send a copy of it to every member. Mr. Fambrough reported on the National association in the unavoidable absence of a representative from that organization.

The program featured, in addition to

Hourly Schedule Is Given for Commissioners Rally

Assistant Secretary Hugh Tollack has released the hour by hour schedule of committee meetings and plenary sessions for the convention of National Assn. of Insurance Commissioners at the Conrad Hilton hotel, Chicago June 22-26. The schedule is presented herewith except for sessions exclusively of interest to life insurance people.

Sunday, June 22

10:00 a.m.—Liaison committee, Larson, Florida, chairman.
10:00 a.m.—Subcommittee to study Stone letter re assistant secretary's office (executive session), Cheek, North Carolina, chairman.

10:00 a.m.—Subcommittee workmen's compensation small policy economies, Day, Illinois, chairman.

10:00 a.m.—Subcommittee A. & H. policy benefits in relation to premiums, Wickstrom, Michigan, chairman.

11:00 a.m.—Subcommittee uniform qualification and licensing laws, Knowlton, New Hampshire, chairman.

11:00 a.m.—Subcommittee examinations practice and procedure manual revision (executive session) Hooker, Connecticut, chairman.

1:30 p.m.—Combined subcommittees' meeting. Subcommittee to study the question of reinsurance, Maloney, California, chairman; subcommittee to study the presentation of excess loss reinsurance in annual statement, Glennon, Illinois, chairman; that excess of loss reinsurance be separately reported in the annual statement; that a special excess of loss reinsurance reserve be required.

1:30 p.m.—Subcommittee: What level of contingency reserves are appropriate for various types of group coverage and in what manner should these reserves be set aside, Bohlenger, New York, chairman.

2:30 p.m.—Subcommittee workmen's compensation valuation law amendment, Maloney, California, chairman.

4:00 p.m.—Executive committee, Murphy, South Carolina, chairman.

Amendment N.A.I.C. by-laws; meeting procedure; exchange and distribution of information and cancellation of licenses; invitations for future meetings; atomic bomb test, Paul Hammel, Nevada commissioner; blanks committee report; reinsurance subcommittee report; report of subcommittee to study Stone letter re assistant secretary's office; report of subcommittee to study sites for future meetings; assistant secretary's report.

Monday, June 23

9:00 a.m.—Unauthorized insurance committee, Southall, Kentucky, chairman; life insurance solicitation on military bases, jurisdiction over which had been ceded to the federal government subcommittee report.

9:00 a.m.—Subcommittee uniform deposit laws and regulations and security or insolvency funds, Kavanaugh, Colorado, chairman.

9:00 a.m.—Subcommittee Blue Cross-Blue Shield, Crichton, West Virginia, chairman.

Status of Health Services, Inc., and Blue Shield enrolling plan; minimum reserves for non-profit hospital and medical service plans; rights of osteopathic physicians to participate in non-profit medical service plans; study of non-profit hospital service plan enabling act.

11:00 a.m.—Plenary session; Frank Sullivan, Kansas, president, presiding.

1:30 p.m.—Casualty and surety committee, Crichton, West Virginia, chairman.

Automobile liability problem for military personnel; cost and profit factor of casualty lines subcommittee report; individual merit rating for automobile liability insurance; proposal to establish automobile rates by driver classification.

1:30 p.m.—Interstate cooperation committee, Martin, Louisiana, chairman; report of survey by New York department on policy approvals.

3:30 p.m.—Rates and rating organizations committee, Cheek, North Carolina, chairman.

Multiple location risk cost factor subcommittee report; separate classification codes for multiple locations, deductibles, catastrophe and excess coverages subcommittee report; package policies where coverages are under jurisdiction of several bureaus; the possibility of rate making for fire and auto physical damage coverage on a pure premium basis; term discounts and finance charges on installment premiums; is the term "permissible loss ratio" synonymous with "expected minimum loss ratio"? Can a better term be devised? Is the use of the new loss clause adaptable for other than fire coverages; where other coverages are attached to fire policies, should the fire term rates also apply to the additional coverages both as to the three and five-year terms.

3:30 p.m.—Blanks committee, Robinson, Ohio, chairman; fraternal blank subcommittee report; report of subcommittee to study the presentation of excess loss reinsurance in annual statement.

Tuesday, June 24

9:00 a.m.—Laws and legislation committee, Butler, Texas, chairman; uniform deposit laws and regulations and security or insolvency funds subcommittee report; uniform qualification and licensing laws subcommittee report.

9:00 a.m.—Fire and marine committee, Allen, Tennessee, chairman.

1921 standard profit formula subcommittee report; to study the breakdown of permissible expense ratio for fire and allied lines and automobile physical damage coverages and consideration of change in National Board statistical plan to include reporting of liability in force subcommittee report; inland marine regulated classes; the question of the practicability of deductibles on fire insurance. Should they be provided? The question of granting credit for existing fire and extended coverage policies on personal property floater endorsements. Means of improving the fire and E.C. statistical plans currently in use to provide more adequate rate-making statistics.

10:30 a.m.—Life committee, Leggett, Missouri, chairman.

Study of possible effects of atomic warfare on mortality experience; war clause subcommittee report; what level of contingency reserves are appropriate for various types of group coverage and in what manner should these reserves be set aside, subcommittee report; advisability of supervision and regulation of commercial pension funds by state insurance departments; consideration of rules and regulations governing sale of credit life and credit insurance; to what extent are life insurance companies using group life profits to absorb group A. & H. losses; the desirability of adopting (CONTINUED ON PAGE 15)

Flood Insurance Is Ruled Out in I. E. A. Report

Says Neither Insurers,
Government Can Treat
Hazard as Insurable

The concept of private insurers providing flood insurance has been ruled out in the long-awaited report of the committee of Insurance Executives Assn. studying this problem.

The report states that neither could the government, for the same reasons as private companies, undertake to provide specific flood indemnity as an insurance venture.

National Assn. of Insurance Agents has announced that it supports the position taken by the I.E.A. committee.

Because of the virtual certainty of loss, its catastrophic nature, and the impossibility of making such insurance self-supporting due to the refusal of the public to purchase it at rates which would have to be charged to pay annual losses, the companies generally could not prudently write such business, the report states. The report regards any promise to provide such insurance as in the nature of a subsidy or relief payment, quite outside the scope of private business and of insurance.

Government Faces Same Obstacles

There is no reason to believe that government would encounter fewer obstacles in such an undertaking than private insurance, the report says. However, if Congress decides to provide a specific flood indemnity by subsidy or otherwise, facilities of the insurance business would be available in carrying out such an undertaking.

The report suggests that as a long-range program, however, an accelerated flood control program supplemented by such relief payments as are necessary on account of flood damage would be more in the interest of the public than a program of so-called "flood insurance" which could not be self-supporting.

The report, based on a voluminous compilation of statistics and flood theories by the engineering firm of Parsons, Brinckerhoff, Hall & MacDonald of New York City, which was retained by the committee, mentions the difficulty of defining flood for insurance purposes. An all-embracing definition, including any kind of inundation, would present a variety of complications, one of which would be that many properties subject to an almost certain periodic loss would be offered insurance coverage. If underwriters attempted to provide coverage on such properties, rates would be so high that in effect flood coverage would be denied the risks needing it most.

Even if specific flood insurance could be provided at a reasonable cost, experience indicates no one would buy it except those whose properties are exposed to such damage. Consequently, the spread of risk would be lacking since all properties insured would be known to be subject to periodic loss by flood, and it could truly be said that each flood would produce a catastrophe loss.

Some years ago several companies seriously attempted to write specific flood insurance only to learn that there

(CONTINUED ON PAGE 14)



As seen at National Board annual dinner: A. E. Gilbert, vice-president of American International Underwriters, and John R. Cooney, Loyalty group, president of National Board; E. G. Crapser, Meserole group; R. C. Williams, Hanover, and Donald B. Sherwood, general adjuster, and B. P. L. Carden, assistant general adjuster of National Board.

(CONTINUED ON PAGE 15)

Vitt Says Business Must Fight for Reasonable Profit

**Tells S.E.U.A. Rally
Market Appreciation Is
Shaky Foundation**

The insurance business has nothing to apologize for when the question is brought up of profits, Bruno C. Vitt, president of American and of Southeastern Underwriters, told the annual convention of S.E.U.A. at Hot Springs, Va.



Bruno C. Vitt

He said it is the duty of the business to assume the role of open and aggressive advocates of a reasonable underwriting profit, and asserted "that in these troubled days responsible officials of insurance departments surely cannot allow the stability and strength of our industry to be based solely on the inconstant and unreliable prop of market appreciation."

Mr. Vitt asked how those in the business can be complacent in view of the combined underwriting results of fire, marine and casualty companies in the past few years. In this time, some companies' net surplus would have shown shrinkage if it were not for market appreciation of investment portfolios.



Happy faces at midyear meeting of Connecticut Assn. of Insurance Agents at Darien: Joseph W. Sargent of Home; Mrs. Betty Faulkins of the Moffat agency, Westport; Mrs. Dorothy Perzanowski, secretary of W. Harry Wiley of the association, and Fred B. Anderson, superintendent of the foreign department of Aetna Casualty; (above), Kenneth Barnard, state agent of Security; Lillian deRochmont of Darien and Carl Noren, state agent of Home; (below), Paul Avery, Granby, past president Connecticut association; Daniel H. Quigg, Hartford Accident; Harry Jordan, Hartford Fire; Milton D. Jones, New Britain, and B. J. Coughlin, Hartford; golf foursome, E. S. Cowles, Jr., Hartford; David Russell, Fairfield; Yale Belfer, Westport, and Harold Lever, Bridgeport.

"But market appreciation—like all unrealized profit," he warned, "is a fickle and illusory gain; the market gives; the market can take back—plus."

The state officials whose sworn obligation in effect is to maintain company solvency can discharge their duties to their employers, the public, only by making sure that the business rests on a foundation of principles which permit the attainment of a reasonable underwriting profit, Mr. Vitt declared.

The commissioners considering rate adjustments must be partially guided by required statistical exhibits, Mr. Vitt said. He added, however, that there are many considerations "far transcending the confining limits of statistical tables," and said it is encouraging to note a tendency to make some allowance at least for trend and other factors in connection with recent rate adjustments. "We fervently hope that this tendency itself will become a trend."

"Operation slide rule" alone is never a reliable guide, Mr. Vitt continued. He recalled the opinion held in some quarters not so long ago that there was an excessive amount of capital and sur-

plus in the business. If the proponents of this view had prevailed, "you can imagine the predicament the insuring public, our agents and the companies would be in today. 'Operation slide rule' may have indicated too much capital in the business but it could not predict Texas City, the northeast windstorm or the unbridled inflation now upon us."

It is the job of the companies to continue to care for the expanding needs of the public and it is the job of the commissioners to see that the companies are able to do that, he said. In order to provide quality insurance protection, it is possible that some companies may find it necessary to go into the money market for additional working capital. There will be other businesses competing for funds, and Mr. Vitt said that unless the insurance companies can show a past record and a potential future of reasonable underwriting profit they will not command the support of investors and the insuring public will inevitably suffer.

Controversy Over Damage to Cotton Shipped Abroad

Considerable negotiation has taken place over several millions of dollars of alleged damage to cotton shipped from the U. S. to Japan and India during the past year. Buyers abroad contend that because of wetness the staple deteriorated before receipt abroad. Those underwriting cotton insurance in the U. S. and ocean marine underwriters insuring cargoes containing cotton have been drawn into the discussions.

Cotton underwriters take the position that once cotton leaves the shores of the U. S. under the clean bill of lading, their liability is ended. Traditionally, under rules of American Cotton Shippers Assn., the buyer assumes the risk of country damage.

Country Damage Covered

Prior to the past season, cotton insurers did not cover country damage in domestic territory. However, competition from London was such that this coverage was added at the beginning of the last season, covering while the cotton is in the U. S.

California produced an unusually large crop of cotton, and from November to the end of January there were heavy rains in the cotton-producing areas. In that state there are few warehouses, which is said to be because of a state tax on them for educational purposes. The open storage and rains played hob with bald cotton.

Compressors, in an effort to make sailing dates, are said to have shipped some of it wet. A considerable amount of reconditioning of cotton was undertaken during the past season by cotton underwriters.

One complication in the insurance picture is said to be the depressed state of the textile market abroad, particularly in India.

All-Risk Cover for Dealers With Stocks Housed in Open

An endorsement adding "all-risk" protection to fire and E.C. policies on stocks of hardware and farm implement dealers is being offered by mutual companies. It is known as "Comprehensive Hardware and Implement Dealers' Endorsement."

Most important new coverages added by the form are theft and damage by water. The endorsement is an "on premises" form intended to supplement a companion inland marine form.

The endorsement is being filed by Transportation Insurance Rating Bureau. In California it will exclude damage by earth quake.

Rates are 18 cents with 75% or better fire and E.C. coinsurance. Otherwise it is 24 cents. It can only be used with a fire policy which contains the E.C. endorsement, covers for the same amount as the basic policy, and is a policy extension and not a separate contract.

It is intended for use only where the value of the hardware and implement dealer's goods consist of at least 25% of farm implements.

The form is designed for dealers whose stocks are housed largely in the open and are exposed to various perils.

Mo. Supervision Changed

In order more effectively to serve its agents in Missouri, North British group is transferring the supervision of its operations in that state to the recently opened midwestern department at Chicago, under the management of Secretary Charles L. Day. The midwestern department will handle all of the details formerly supervised by the home office.

Aetna Men's Club Elects

Olaf R. Falk has been elected president of the Men's Club of the Aetna Life companies. He is an underwriter in the automobile department of Aetna Casualty.

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Minster Insurance Co., Ltd., London, England. (Est. 1940)	New Danish Insurance Company of 1864, Ltd., Copenhagen, Denmark. (Est. 1864)
British Commercial Insurance Company, Ltd., London, England. (Est. 1908)	(Reinsured 71.429% by The General Insurance Company, Helvetia, Limited, St. Gall, Switzerland.) (Est. 1858)
London and Edinburgh Insurance Company, Ltd., London, England. (Est. 1919)	Arendal Assurance Company, Limited, Arendal, Norway. (Est. 1860)
Reinsurance Company, Salamandra, Ltd., Copenhagen, Denmark. (Est. 1918)	Lloyd Maroccan d'Assurances. (Est. 1940)
(Reinsured 71.639% by The Swedish Reinsurance Company, Asquitas, Ltd., Malmö, Sweden) (Est. 1944)	Compagnie Africaine d'Assurances. (Est. 1950)
The Private Insurers Ltd., Copenhagen, Denmark. (Est. 1786)	The Seven Provinces Insurance Co., Ltd., The Hague, Holland. (Est. 1918)
The Copenhagen Marine Insurance Association, Ltd., Copenhagen, Denmark. (Est. 1852)	The New First Netherlands Insurance Co., Ltd., The Hague, Holland. (Est. 1925)
Reinsurance Company, Russia, Ltd., Copenhagen, Denmark. (Est. 1918)	Vanguard Insurance Company, Limited, Sydney, Australia. (Est. 1951)
The Norrland Insurance Company, Ltd., Stockholm, Sweden. (Est. 1849)	Eagle Insurance Co., Ltd., Paris, France. (Est. 1921)
	Sun Insurance Co., Ltd., Paris, France. (Est. 1845)

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Ask Assigned Risk for General Liability

Conn. Agents at Record Midyear Study Auto Risk Placement

By KENNETH O. FORCE

DARIEN—Members of Connecticut Assn. of Insurance Agents, meeting here for its midyear session, expressed some concern but a good deal of determination over the automobile insurance situation because on July 1 the strict type financial responsibility law becomes effective in the state, and within the next four weeks there will be a big surge of new auto business. Two of the speakers dealt with the automobile problem. Perhaps the topical quality of the program accounted for the record 345 who attended, double any previous midyear meeting.

The association adopted a resolution in which it pledged its full support of the F.R. law and placement of insurance through normal channels or the assigned risk plan. The association also adopted a resolution suggesting that the casualty committee of the National association study the possibility of an assigned risk plan for placing general liability insurance, which reflects the difficulty some agents are having in placing these third party lines.

\$100 Installment Minimum

W. W. Hatfield of Bridgeport, chairman of the resolutions committee, also presented a recommendation that New England Fire Insurance Rating Assn. place a minimum \$100 first year premium requirement on business written on installment payment of term plans. Another resolution directed to N.E.F.I.R.A. called for consideration as approved any daily report not criticized for 15 days after receipt by an N.E.F.I.R.A. office. Many agents believe the rating association should not have an indefinite time to criticize reports, Mr. Hatfield pointed out.

Harold K. Phillips, publicity director of Assn. of Casualty & Surety Companies, discussed the agent's responsibility under financial responsibility, and Dr. Leon Brody, assistant director of Center for Safety Education, New York University, outlined what agents can do to promote traffic safety in their communities.

The big question in the minds of agents is, where are we going to get enough capacity to write the additional business that will come in before July 1. Mr. Phillips noted. In every state he has seen, and he has followed financial or safety responsibility laws from their inception, the insurance has been provided, Mr. Phillips said.

Expect 90% in First Rush

In Connecticut it is estimated that about 60% of automobiles are insured. Consequently, in the first rush before effective date of the F.R. law, the number insured probably will go to more than 75%, possibly to 90%, immediately. He pointed out that the pattern in other states had been in general that about 75% are insured. Within 30 days after the educational program on these measures are instituted, about 75% become insured. This represents a big job for agents. The business comes in very rapidly.

The insured population rises from 75% to 90% fairly soon and then temporarily drops; thereafter climbing more gradually to 95%. Illinois claims 98%, Virginia 98%. He said he thought 85% is about the number that can be convinced it is their duty to take insurance immediately. In Texas only 15% were insured, and in 30 days the percentage leaped from 15% to 65%, an increase of more than 400%. Success of the law depends in very large degree on the local agents, he said.

In Connecticut, the educational and advertising campaign got under way May 28. There the law provides that if there is bodily injury or death or property damage of more than \$100, the driver or owner must furnish financial responsibility up to \$21,000—\$20,000 of bodily injury liability and \$1,000 of property damage. If he can't furnish proof within 60 days, his privilege to own and (not "or") operate is suspended. The motor vehicle commissioner, however, does not have to wait 60 days.

There are four ways in which the driver-owner may furnish proof of F.R.—he can put up \$21,000 in cash, he can secure releases from all involved in the

accident, he can apply to the court for a declaration that it was not his fault (on the word of judges this requires about three years), or he can furnish insurance. The latter is the simplest, most inexpensive and most positive way to furnish F.R. If the accident report to the M. V. commissioner shows the owner-driver carried enough automobile liability insurance, he is okay.

The law has two purposes, financial responsibility and its safety feature. There are a small percentage of drivers who are accident repeaters and who are responsible for the great proportion of traffic accidents. If they could be gotten off the road, most of the traffic accident

problem would be solved. With the third accident, he questioned the owner-driver's ability any longer to secure insurance in the open market. His only hope then is probably the assigned risk plan. Up to that number, renewal perhaps can be relied upon. With three, it is a definite indication the driver is accident prone and should be off the highway. If the law is properly administered, it fulfills its second, safety purpose.

The agents' share in the program of educating the public is a substantial one, he pointed out. The state conducts the campaign, and insurance is in the background. A leaflet has been sent to all

(CONTINUED ON PAGE 11)

How much money are you losing by neglecting profitable truck and bus business?

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- DAY AND NIGHT CLAIM SERVICE
- Effective accident-prevention program at no cost to insured, including:
- SAFETY MEETINGS FOR DRIVER PERSONNEL
- LOWER PREMIUMS BASED ON LOSS EXPERIENCE
- RESEARCH PROGRAM ON SAFETY METHODS AND DEVICES
- MECHANICAL INSPECTION OF ROLLING STOCK
- NON-PROFIT WASHINGTON BUREAU FOR ASSURED'S USE
- HIGHWAY DRIVER-CHECKS BY EXCLUSIVE CAMERA-EQUIPPED PATROL CARS
- AWARD SYSTEM FOR SAFE DRIVERS
- TRAFFIC-HAZARD REPORT SERVICE

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Arkansas Agents Elect C. E. Olvey as New President

Action on Term Rule Changes Deferred—Notable Program Offered

HOT SPRINGS—C. E. Olvey, Pocatons, was advanced to president of Arkansas Assn. of Insurance Agents at its annual meeting here. Registration was more than 500. W. F. Rector, Little Rock, was named vice-president. He is a veteran, a former member of the Arkansas legislature and for two terms headed the house insurance committee.

Robert Maxwell, Texarkana, was re-elected for his sixth term as state national director, and C. C. Mitchener, Marianna, continues as secretary emeritus.

Commissioner and Mrs. Graves were honored Friday evening at the dinner dance in appreciation of Mr. Graves' eight years' service. Mrs. Graves was presented a silver serving tray. Retiring President Warren C. Means, Pine Bluff, and Mrs. Means were presented silver candelabra.

Resolutions included praise for Arkansas Fire Prevention Assn. and its executive secretary, Carl S. Smalley, and a pledge from the association to continue its fullest cooperation and support for that group. In another resolution, Mr. Graves' administration was extolled.

A resolution that the term rule be changed to give the three-years-in-advance cash buyer a "pecuniary advantage" over the buyer who uses either the annual installment or annual renewal payment plans, was referred back to the resolutions committee for further study and rewording. The three-year cash buyer, on the basis of a \$100 annual premium, pays an average of \$83.33 annually, whereas the buyer on the annual renewal or installment basis pays only \$82.40, and it was the general feeling of the agents that the three year cash-in-advance buyer should have a lower average cost than the assured who uses either the renewal or installment plans. The decision over the resolution was relative to the wording "pecuniary advantage." Some felt this might be interpreted as inviting a change by companies in the present credits under the annual re-



C. E. Olvey



Robert Maxwell

newal and installment plans (78% in successive years after the first) rather than a specific change to allow a greater credit (i.e., 2 1/4 annuals instead of present 2 1/2 annuals) for the three year cash-in-advance purchaser to remove his alleged present inequitable treatment.

Other resolutions were on tax equality, commending the work of General Adjustment Bureau during the tornado disasters in March, and appreciation to Messrs. Means and Maxwell.

Commissioner Graves at the opening

session gave a graphic description of the role of insurance in the March tornadoes and scored some of the "insurance tragedies" which the disaster disclosed. "I think I can speak on this subject with some authority," Mr. Graves said. "I was a tornado victim. My brother-in-law was killed. My home in Judsonia was badly damaged. The properties of some of my close relatives were destroyed. For nearly two weeks following the disaster, my time was spent almost entirely, not as insurance commissioner, but as one of the storm victims of the Judsonia community, working with others for the relief of our town."

Insurance Role Little Publicized

The great role which insurance played in relief of this disaster has been but little publicized he commented. He described the rapidity with which adjustments were carried on and said that by the end of the second week, 90% of the claims had been settled.

"The title of my talk was listed as 'Thank God for the Institution of Insurance,'" Mr. Graves said. "I think that it might have read: 'Thank God for the magnificent way in which the private institution of insurance met its highest obligations and responsibilities with speed and dispatch.'"

The March 21 disaster served to demonstrate to the public the value of sound insurance counsel and of the necessity of having good local agency service, he said.

Some Suffered Second Tragedy

Reports reaching his office indicated that some persons, in addition to losing their properties, suffered a second tragedy, that of finding that their insurance did not cover, was incorrectly written, or was wholly inadequate in amount.

"Now I know that on the whole insurance in this state is competently and well written, and that these cases represent the exception—the few exceptions

(CONTINUED ON PAGE 13)

New Fire Liability Form in N. Y.

Rating Bureau Issues Defense Type Contract at Reduced Premium

NEW YORK—Several changes have been issued by New York Fire Insurance Rating Organization for the state. A new, defense type fire liability form has been introduced at a reduced rate. For the first time the organization has recommended a chattel mortgage form; banks formerly made up their own and there has been considerable variety. A new rule has been issued for writing insurance under the annual renewal plan; rather than a renewal form which each company produced the organization has brought out an extension endorsement which will be uniform among the companies. The installment plan calls for 78% on renewal, whereas the annual plan has called for 80%; now both are 78% of the annual premium on renewal.

There are new minimum rates for seasonal tourist courts and a rate reduction for contents of retail plumbing and heating supply firms.

Golf Greens Coverage

A combined explosion, riot and civil commotion and vandalism and malicious mischief coverage has been authorized for golf course greens. Premiums, subject to a limit of \$1,000 per green with a \$100 deductible per loss, are: 18 or fewer greens, \$108 per year; 27 greens, \$133, and 36 greens, \$162. For each additional nine greens, \$27 additional is charged per year. The number of greens insured must be equal to the number of holes on a course excluding holes on practice greens. There is no coinsurance clause on the cover.

The fire liability form, covering property of others in the care, custody or control of insured, applies to mercantile and manufacturing, but excludes liability assumed under contract or agreement. The cover must be written specifically under a separate policy and may not be used for dwelling or farm property or the dwelling portion of any risk. (This may be covered under appropriate casualty forms.)

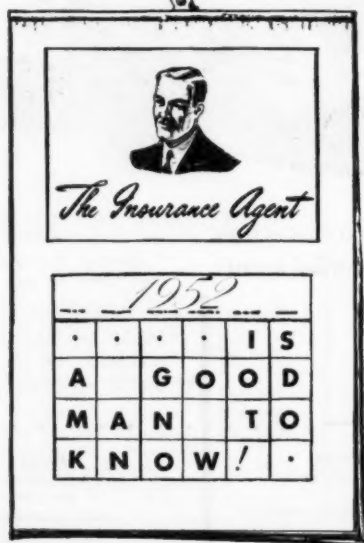
Additional Interests

The form excludes such additional insurable interests as contractors or subcontractors, in policies covering tenants or lessees of premises; and tenants, lessees, concessioners or exhibitors, in policies covering general lessees, managers or operators of premises. Other additional insurance interests may be included without additional premium charge, except the following, which may only be included at an additional premium charge of 25%—general lessees, managers or operators of premises, in policies covering tenants or lessees of such premises, and employees other than the executive officers or partners, in policies covering their employers. The limits of liability apply separately to the coverage on or in each building and per accident on a recurring basis.

The rates per \$100 are 25% of the 80% coinsurance fire building rate (or of the published coinsurance rate if no 80% rate is published, or of the no coinsurance flat rate) for coverage on buildings. On contents the rate is 50% of the 80% coinsurance fire contents rate. If there is no such rate, the 50% factor applies to the published coinsurance rate or the no coinsurance flat rate. There is a minimum of \$25 per policy.

Perils other than fire may not be included. Rates apply regardless of the percentage of occupancy by insured or degree of control exercised by insured over the premises or the valuation of the premises. Contractors' risk may be covered only as to buildings which insured rents or occupies, such as store, office

(CONTINUED ON PAGE 13)



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Tollef Penin

Carnegie Co-operative Meeting

ESCANA

port of the company praise at the Peninsula John H. National as a teamman, the more the insure agents' com Irving T. president of F. Loren new officer Smith, Mar Brodeur, George E.

Cooperation

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Tollefsen Upper Peninsula Chief

Carney Praises Company Cooperation at Annual Meeting at Escanaba

ESCANABA, MICH.—Stronger support of the American agency system by the companies in recent months drew praise at the annual meeting of Upper Peninsula Assn. of Insurance Agents. John H. Carney, Eau Claire, Wis., National association executive committeeman, the main speaker, remarked on the more cooperative attitude shown by the insurers in their dealings with agents' committees.

Irving Tollefsen, L'Anse, was named president of the association, succeeding F. Loren Rogers, Ontonagon. Other new officers: Vice-president is C. L. Smith, Manistique; secretary, Alvin J. Brodeur, Hancock, and secretary, George E. Sivula, Negaunee.

Cooperation in Wisconsin Cited

Mr. Carney stressed his conviction that close cooperation of agents and companies would be necessary during the next few years to preserve the American agency system. He noted as a specific instance of the companies' changing attitude a recent incident in Wisconsin in which an agency had obtained the services of a certain company to handle all fire coverage for a state-wide risk. Local agents had been eliminated from the risk at all locations. When the company was provided with full information regarding the situation, it withdrew from the agency and condemned the agreement which would have eliminated the local agents, explaining that it would not knowingly have any part in such an arrangement.

Commissioner Navarre of Michigan, who was introduced by Waldo O. Hildebrand, secretary-manager Michigan Assn. of Insurance Agents, explained the organizational setup of the department, outlined current activities and cited a number of instances of close cooperation between the department and the state association, particularly in connection with programs improving public service and raising educational standards of the agency system. Other department executives in attendance included the chief deputy, Herbert B. Thompson, and John W. Wickstrom, second deputy.

Merrill G. Craft, Jackson, president Michigan association, stressed the close liaison achieved between agents and legislators and also emphasized the need

for obtaining as legislators more persons having business experience.

Among notable guests there were George A. Timm, Kenosha, president Wisconsin association; Urban Krier, Milwaukee, that group's executive secretary; C. Gilbert Waldo, immediate past president Michigan association; Howard W. Huttenlocher, Pontiac, former Michigan association president and present chairman Midwest Territorial Conference, and J. Grant Moore, Port Huron, vice-president Michigan association. Mrs. Esther Diebold, West Branch, attended as a member of the Michigan association's public relations planning committee.

An office personnel clinic was conducted by Carl L. Strong, insurance education coordinator of Michigan State College and the Michigan Association. Attending were 68 agency employees and executives. Mr. Hildebrand conducted a question and answer period on timely subjects.

International Reinsurance Transactions Are Totaled

WASHINGTON — Department of Commerce office of business economics, reporting on U.S.-international service operations during the calendar year 1951, says this country took in \$112 millions reinsurance receipts, and paid out \$148 millions for reinsurance.

The office stated these figures were obtained in a survey of insurance companies which "feed" insurance to foreign countries or have insurance "fed" to them by foreign countries.

These data appear to be different or at least separate from those gathered by the department's insurance division in a survey of U.S.-international insurance operations conducted under direction of the division's chief Jerome Sachs. It was indicated that the latter knew nothing about the office of business economics figures.

Clarke Springfield's Auto and Educational Head

Arthur H. Clarke has been appointed superintendent of the automobile department of Springfield F. & M., but he will continue his direction of the educational program as well. He has had extensive experience as an underwriter for a large Boston general agency and served as a special agent for Springfield in eastern Massachusetts from 1945 to 1950. He served as executive secretary of Massachusetts Assn. of Insurance Agents in 1940. A year later he organized insurance courses at University of Massachusetts.

Meserole Transactions

At recent annual meetings of stockholders of Pacific Fire, Bankers & Shippers, and Jersey the charters were amended, reducing the par value of the stock to \$10 for each of the companies. Letters are being sent, requesting stockholders to send their stock to the transfer agents for exchange for the new \$10 par certificates. These changes have resulted in a 2½ for 1 stock split for Pacific and Bankers & Shippers and 2 for 1 split for Jersey. Transfer agents are New York Trust Co., for Pacific; Chase National Bank, for B. & S., and U. S. Corporation Co., for Jersey.

Philadelphia Outing

Insurance Society of Philadelphia is holding its annual fun day, an outing and golf tournament, at Melrose country club, Cheltenham, June 10. George N. Watt is chairman of the general committee.

Millers Natl. Names Mautz

Karl Mautz has been appointed resident manager at Los Angeles for southern California of Millers National. He succeeds T. A. Condit.

San Antonio Claims Men's Assn. will hold its outing for members and their families at Seguin, Tex., June 27.



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Trio at National Board dinner: R. E. Farrer, National of Hartford; J. A. Sellon of American Reinsurance and Charles H. Kahrs of American Reserve.

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MacDonald Elected Head of Canadian Underwriters Assn.

D. K. MacDonald, London Assurance, Montreal, was elected president of Canadian Underwriters Assn. at the annual meeting at Seigniory Club, Que. He succeeds Norman Bethune, Home, Toronto. Named vice-president and chairman of the fire committee is L. L. Lewis, Springfield F. & M., Toronto; vice-president and chairman of the automobile committee, George B. Kenney, Glens Falls, Toronto; vice-president and chairman of the casualty committee, Ralph M. Sketch, Phoenix of London, Toronto.

Automobile accidents involving people covered by insurance cost almost \$125 per minute in Canada every day last year, Mr. Kenney told the association and Dominion Board. He said automobile insurance claims had risen to \$65 million in 1951, an increase of \$13 million over 1950. Uninsured accidents cost millions of dollars more.

Naming the "human factor", or the

driver, as the greatest single cause of traffic accidents, Mr. Kenney said insurance rates could not go down until drivers became aware that they collectively establish rate levels through their driving records and then, realizing this, exercise more care.

Attention necessarily must be focused on the under-25 driver who makes up 15% of today's motorists, Mr. Kenney stated. "This group", he said, "is involved in 30% of all fatal accidents, just double the general average. Indicative of the accident trend among under-25 drivers is the fact that their insurance rates increased 16% on a national basis during 1951."

He cited the work that insurance companies have done in connection with the safety responsibility law, now operating in five provinces, as an example of what can be accomplished if insurers and provincial authorities cooperate in devising safety legislation.

Fire companies operating in Canada paid out just over \$58 million in claims in 1951, C. D. Trusler, Commercial Union, Montreal reported. Payments the previous year totalled \$65 million. He pointed out, however, that conflagrations can occur at any time so that lower losses in any one year are not

necessarily an indication of decreasing fire potentials.

In these days of high prices, Mr. Trusler commented, fire insurance is one of the extremely few things which have shown a fairly steady decrease in costs over the years. "This contrasts rather sharply with automobile rates, which have steadily increased," he said. "Most companies which write both automobile and fire insurance lost money on automobile last year, and it was only due to the modest profits earned on the fire business that companies did not go into the red on the combined operation."

He praised highly the work of Underwriters' Laboratories of Canada, and reviewed its operations.

James Matson, Royal-Liverpool, Montreal, said that after years of hard experience, board insurance developed the principle that, as well as having the responsibility of seeing that losses were paid in full, it should direct its operations so that there was constant pressure to prevent loss, or to reduce loss.

"We do not encourage agents to be satisfied with getting a building insured as it is. We encourage them to make every effort to get the hazards in the building reduced. We would rather have a better risk at a lower rate than a poor risk at a high rate."

Adopt New Style Fire Policy in All S.E.U.A. States

The new style standard fire policy, which requires no typing on forms designed for use with it, will become mandatory in Georgia, Alabama, Florida, and South Carolina Jan. 1, 1953. It has been optional since the beginning of 1951 and an identical announcement by the four rating bureaus stated that it is now used in the majority of cases and the time allowed should be adequate to use up supplies of old contracts. After next January, the dwelling and other forms used in the "one-write" style will no longer be available in the old style. All S.E.U.A. states thus get in line.

The four bureaus also announced that correction notices will no longer be used on dwelling risks with amounts of \$7,500 or less. When an error is detected, the material will be returned to the issuing agency with a memorandum and the daily report, certificate or endorsement will not be forwarded to the company or general agent until the correction is made. This new procedure will be effective June 2.

Bowling League Installs

Insurance Bowling League of New York at its annual dinner at Plandome, L. I., installed new officers for the 1952-53 season. John H. Ellen, Yorkshire, is president; Royal T. Mather, Travelers, and Robert Couch, Northern of New York, vice-presidents; Russell Pastre, General Re, treasurer, and Peter DeRose, Corroon & Reynolds, secretary. George N. Gavey, Jr., Tuttle, Eckels & Gelston, brokers, is honorary chairman. Commercial Union and Corroon & Reynolds ended the season in a tie, but Commercial Union won the roll-off.

Travelers Fire Changes

Donald H. Garlock, recently returned from military service, has been reappointed field supervisor of Travelers Fire at Columbus, O. John Sylvain, field supervisor at Montreal, has been transferred to Ottawa.

Two new field supervisors have been appointed. They are James B. Markey at St. Louis and Frank E. Walton at Jacksonville.

Erhardt R. R. Chief

J. L. Erhardt, Royal-Liverpool, has been elected chairman of Railroad Insurance Assn. and L. W. Niggeman, Fireman's Fund, vice-chairman. Besides these two, on the advisory committee are J. Victor Herd, America Fore; L. C. Lewis, North America; Felix Hargrett, Home; Oscar Gleiser, Commercial Union, and A. L. Ross of Crum & Forster.

Maloney's Views On Rating in Concert Corrected

From Commissioner John R. Maloney of California:

I have noted with interest the prominence which you gave to my recent remarks before the Board of Fire Underwriters of the Pacific at its annual meeting at Santa Barbara.

There is a rather serious error in your article which I feel will cause some confusion unless immediately corrected. It consists of a statement which is diametrically opposite to what I said. The statement in the article is as follows:

"Thus action in concert through a licensed rating bureau which results in a rate or rating system that violates the applicable rating standards is not exempt from the anti-trust law."

The statement made in the address was as follows:

"I do not interpret this language to mean that action in concert through a licensed rating bureau properly acting as such but which results in a rate or rating system which violates the applicable rating standards, is not exempt from the anti-trust law."

You will observe that I specifically stated that I do not interpret the law as you attribute to me. What I was attempting to point out is the distinction between proper action in concert the result of which may nevertheless violate the rating law and action in concert which is improper in itself. It is the latter only which I said was not exempt from the anti-trust law.

G.A.B. Elections

C. M. Gallagher, Atlas; L. S. Harvey, New Hampshire, and J. C. Hullet, Hartford Fire, were elected as directors of General Adjustment Bureau at the annual meeting. John A. North, Phoenix of Hartford, was named to the executive committee.

All officers of the bureau were re-elected. H. C. Conick is president.

Supplies Alaskan Service

Don McGee has started an independent general claim service for the territory of Alaska with headquarters at 328 I street at Anchorage.

Harold G. Schick has been elected a vice-president of the Chicago agency of James S. Kemper & Co.



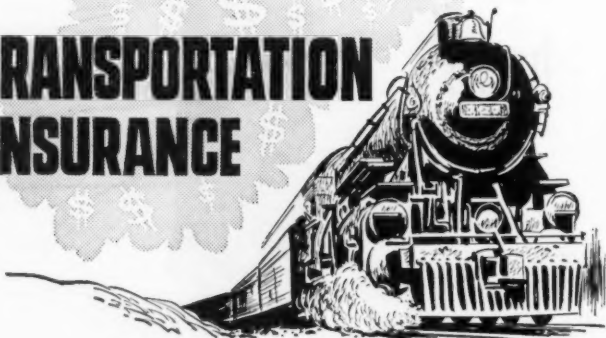
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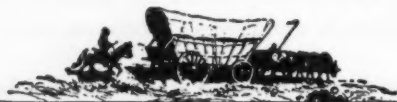
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PROMINENT FIGURES AT NATIONAL BOARD ANNUAL MEETING: W. A. Hebert, president of Springfield F. & M.; George Vail, Sr., of Corroon & Reynolds, DeMott Belcher of America Fore and George Vail, Jr., of Corroon & Reynolds; W. M. Kearns, president of Sun Indemnity; H. Sumner Stanley, New York Fire Insurance Rating Organization; Henry C. Barkstedt, America Fore, and T. T. Grimson, Crum & Forster. J. R. Dumont, retired manager of Interstate Underwriters Board, and Frank H. Thomas, president of Fire Association.

National Fire Has Filed New Return Commissions Cover

COLUMBUS—National Fire has filed a form providing coverage on return commissions payable by an agent to an insurer when fire, windstorm or sprinkler leakage policies are cancelled following a loss. Need for this coverage arose when the new loss clause, providing that the policy shall not be reduced by loss, caused concern among agents who have some large lines, commissions on which are a substantial portion of income.

The new form has an 80% coinsurance clause based on average prior three-year commissions preceding date of loss. Return Commissions on amounts cancelled beyond the actual amount of loss payment are excluded as are those on policies under which no loss has been paid and those which are less than \$10. The three-year rate is 25 cents with a minimum premium of \$15 for scheduled coverage on named accounts and \$25 for blanket coverage.

Court Upholds Michigan Department's "Free Binder" Findings, Softens Penalties

LANSING, MICH.—Judge Salmon in circuit court handed down an opinion in the Michigan department's "free binder" case against Theodore R. Kelter, Detroit agent, upholding the department's findings but softening the penalties assessed as grossly excessive.

Kelters license had been suspended for nine months and a civil penalty equivalent to a \$3,525 fine ordered. The court sets aside the suspension entirely and reduces the civil penalty to \$50.

Judge Salmon finds statutory justification for the conduct of a hearing in the Kelter case by a special deputy, W. C. Conley, including Conley's right to assess penalties without specific approval of Commissioner Navarre. This procedure had been attacked by plaintiff's counsel.

The court concedes that only two of three alleged violations were confirmed at the hearing—issuance of free binders and rebating through payment of commissions to unauthorized persons. The other claimed violation was coercion of business.

It found Deputy Conley had no right to place any limitation on the right of reinstatement. It is held that a civil penalty of \$25 each for 141 violations of the code was improper because the plaintiff was proceeded against under three counts. The 141 matters were proofs from which the deputy found him guilty of the two violations before mentioned.

Although appellant's counsel had claimed the department examiners had "demanded" access to the agency books, a demand lacking statutory basis, there was no showing made in support of the claim, the court found, and the examiners testified the agent had been requested

to allow them to inspect his books and had assented without protest.

The case attracted wide attention because of departmental comment to the effect that Kelter and other agents in the Detroit area had been flagrantly violating code provisions in competing for coverage of large builders in subdivision developments. It was contended that

free binders were being given these builders on condition that subsequent coverage of the finished houses was placed with them and that commission concessions also were being made in many instances.

Gary H. Stamper, president of Badger Mutual, has been honored at a ceremony

at Milwaukee May 22 marking his 25th year with the company. He was presented a movie camera, projector and screen.

Home Fire & Marine has declared a quarterly dividend of 40c per share payable June 13 to stock of record June 3.



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Two Missouri Field Groups Elect New Officers

At the annual meeting at Rockaway Beach, Douglas Brooks, Home, St. Louis, was elected president of Missouri Fire Prevention Assn., to succeed Robert J. Murdock, Jr., National Union, Kansas City. Vice-president is J. S. Siddall, Security, Kansas City, Company. Richard R. Taylor, America Fore, St. Louis, was reelected secretary, and Jack H. Littlejohn, Littlejohn, North British, Kansas City, assistant secretary. Missouri Fire Underwriters Assn. elected these officers: President, Alex

B. Young, Hartford, Kansas City; vice-president, James Cameron, Hanover, St. Louis, and secretary, Leo Gribble Royal-Liverpool, Kansas City.

William R. Fish, National Board, spoke before the fire prevention association.

Maryland Casualty Dividends

Maryland Casualty has declared the regular semi-annual dividends of \$1.05 per share on the \$2.10 cumulative prior preferred stock, 52½¢ on the \$1.05 convertible preferred, and 50¢ on the common. All are payable June 30 to stock of record June 6.



Shown at National Board annual dinner: W. F. Delaney of Fairfield & Ellis, New York; J. W. Lambie, president of North Star, and Erle Patrick, secretary of Southwestern Fire & Casualty of Dallas; Paul Sommers, retired president of American, and Edgar Stoffels, president of Chicago Board.

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Philadelphia Club Elects

Underwriters Club of Philadelphia has elected James L. Brown of the Boston president; V. R. Preston, Providence Washington, and Joseph F. Hausman, Jr., Pacific Fire, vice-presidents; Ronald E. Grace, the New Hampshire, secretary, and E. J. Mulgrew, retired, treasurer.

Elected to the board of governors were H. F. Zimmer, Jr., America Fore; R. R. McOrmand, Jr., Phoenix, Conn.; Howard S. Emmerich, Security of New Haven; William R. Lewis, Home; W. W. Astfalk, U. S. F. & G.; W. M. Wright, Aetna Fire, and J. M. Thomas, Jr., Hartford Fire.

Torres Made Panama Consul

M. M. Torres, Jr., Jacksonville, Fla., has been appointed consul of the republic of Panama. He is general manager of E. Dana Johnson & Co., general agents, and secretary-treasurer of Insurance Co. of the South, Jacksonville, a new company writing retrospective insurance for firms engaged in automobile financing.

Mr. Torres has been in the insurance business since 1940, except for three years in the U. S. air force. He is a graduate of Monserrat College, Cienfuegos, Cuba, and Piedmont College, Demorest, Ga.

Stewart Cleveland Head

Charles F. Stewart of Cleveland Insurance Agency, elected president of Insurance Board of Cleveland, succeeding Hugh K. Dawson. John W. Frazier of James Manchester is vice-president and Joseph H. Bishop, Jr. was reelected secretary and treasurer.

Minneapolis Club Elects

Richard A. Thompson, vice-president of Wirt Wilson & Co., has been elected president of Insurance Club of Minneapolis to succeed Morris S. Sampson. Edward C. Arnold is vice-president, and Clyde B. Helm, secretary.

Multiple Location Change

Some changes in its multiple location plan have been made by National Insurance Service & Advisory Organization, particularly section C.

The provision on small valued locations now is, when the average value at any location is less than \$5,000 or less than 2% of the total average value at all locations, whichever is greater, it shall be included at the average rate of the higher valued locations, provided the sum of the small values so treated does not exceed 20% of the total average value for all locations. Heretofore the provision was the same as that of Multiple Location Service Office which provides when the average value at any location is less than \$5,000 and less than 2% of the total average value at all locations, etc.

On unrated locations, N.I.S.A.O. now provides that when the average value at any unrated location is less than \$25,000 or less than 10% of the total average value for all locations, whichever is

greater, it shall be included at the average rate of the rated locations, if the sum does not exceed 20% of the total average value for all locations. Previously this was similar to M.L.S.O.'s treatment, that when the average value at any unrated location is less than \$25,000 and less than 10% of the total average for all locations, etc. Thus the maximum of the M.L.S.O. plan on small valued locations is \$5,000 and on unrated locations is \$25,000 whereas the independent plan might go above those limitations on a 2% and 10% basis.

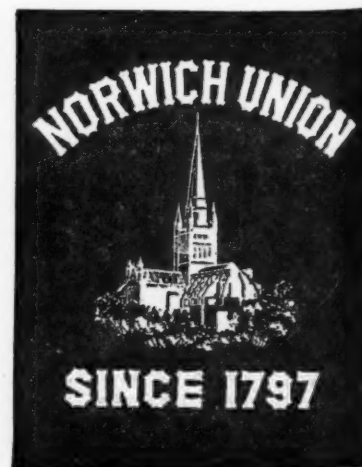
STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago

May 27, 1932

	Div.	Bid	Asked
Aetna Casualty	3.00	92	95
Aetna Fire	2.25*	54½	55½
Aetna Life	2.50*	84	86
American Alliance	1.50*	31	32
American Equitable	1.50	25	26
American Auto	2.00	37	38½
American (N. J.)	1.00	24½	25½
American Surety	3.00	50	52
Boston	2.60*	66	68
Camden Fire	1.00	22	23
Continental Casualty	2.60*	76½	78
Fire Association	2.60	60	62
Fireman's Fund	1.60	56½	58
Firemen's (N. J.)80	24	25
General Reinsurance	1.20	32	33½
Glens Falls	2.00*	56	57½
Globe & Republic80	13	14
Great American Fire	1.50*	36½	38
Hanover Fire	1.60	34	35½
Hartford Fire	3.00*	138	140
Home (N. Y.)	1.80	37½	38½
Ins. Co. of North Am.	2.50*	77	79
Maryland Casualty	1.00	21½	22½
Mass Bonding	1.60	23	24
National Casualty	1.50*	26½	28
National Fire	2.50*	63	65
National Union	1.80	40	42
New Amsterdam Cas.	1.50	35½	36½
New Hampshire	2.00	42½	44
North River	1.20	28	29
Ohio Casualty	1.20	66	68
Phoenix, Conn.	3.00*	86	88
Prov. Wash.	1.50*	29½	31
St. Paul F. & M.80	32	33½
Security, Conn.	1.60	34	35½
Springfield F. & M.	2.00	47½	49
Standard Accident	1.60	35	36½
Travelers	14.00*	627	634
U. S. F. & G.	2.00	52	54
U. S. Fire	1.40	45	47

*Includes extras.



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Ruling Asked on Mich. State Fund's Prison Loss Liability

LANSING, MICH.—Attorney General Millard has been asked by Gov. Williams to rule on the extent of the state fire fund's liability in the fire and riot damage at southern Michigan prison, Jackson. The aggregate damage during the rioting has been estimated at more than \$1,100,000 but the fire fund's balance at the time was less than \$800,000.

"The amount necessary to rebuild and replace the property will be substantially more than the amounts listed in the inventory as present value of destroyed equipment," the governor said. "The law appears clear that the insurance commissioner assesses the damage and certifies it to the state treasurer and auditor general. The law says that the amount of damage is not to be less than the amount necessary to 'rebuild, repair or replace the damaged property'."

Auditor General Martin and State Treasurer Brake questioned how the law should be interpreted and a formal opinion was requested. The state board is due to act soon on bids for placing catastrophe insurance on all state property as contemplated under a 1951 act.

T. J. Fohl to Local Agency

T. J. Fohl, who has been state agent for National Fire with headquarters at Portland, Ore., since 1948, has resigned to join the Portland local agency of Jewett, Barton, Leavy & Kern.

Ax Falls on Ill. Broker

Revocation of the broker's license held by Stanley Martin Lewandowski of Chicago for withholding clients' premium payments is announced by Insurance Director Day. A formal hearing was held by the department following complaints that policies were being canceled for non-payment of premiums when in fact payments had been made to Lewandowski.

The department got these policies reinstated under provisions of Illinois law which makes a broker an agent of the company in all cases where policies have been delivered to the broker for delivery to the policyholders.

Following the hearing, Mr. Day said, it was brought out at the hearing that Lewandowski has been in ill health during the last couple of years, which may have accounted, at least in part, for his trouble.

London Assurance Plan

At London June 4 following the shareholders meeting of London Assurance, an extraordinary general court will be held to pass on a resolution authorizing directors to pay up the uncalled liability of 25 shillings, about \$3.50 on each share of common stock outstanding. Funds for this purpose would be made available from the general reserve fund.

The practice of issuing partly paid shares dates from founding in 1720 when in this feature represented additional valuable security to policyholders.

Today, however, the amount involved, \$1,854,546, is negligible compared with total assets of \$120,130,413, and the directors feel shareholders should be relieved of the unpaid liability by appropriation of part of the reserves which have been built up out of profits over a long term of years.

Walter Meiss, U. S. manager emphasized that the proposal has no bearing on operations in the United States, where a separate fund, under surveillance of state insurance department, is kept in trust for the benefit of policyholders.

Hansen Named Travelers Fire Assistant Secretary

Howard F. Hansen has been promoted to assistant secretary of the west-Travelers Fire. He joined the company in the underwriting department in 1925 and was in the brokerage department and chief examiner in the special risk department.



H. F. Hansen

Transferring to the agency department in 1935, he served as field supervisor at Syracuse, assistant manager at Albany, New York City and Dayton. In 1945 he was appointed manager at Kansas City, returning to the home office staff underwriting department a few weeks ago.

Sir Arthur Morgan, retired general manager of London Assurance, has been visiting in the U. S. for a few weeks. He arrived here from Bermuda where he had spent considerable time and will sail to England May 29.



A. L. Ross, Crum & Forster; H. C. Stocker, Northern of England; Charles Smith of Marshall-Sterling agency, Poughkeepsie; Allan C. Stevens, president of Great Eastern; Harold Junker and Reese Hill of Crum & Forster, at National Board dinner in New York.

Casualty Underwriters Assn. of New Jersey has planned a "day of fun" at June 6.

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NEWS OF FIELD MEN

Virgil Smith Ky. State Agent of National Union

National Union has appointed Virgil Smith as state agent for Kentucky, with headquarters in the Starks building, Louisville.

Mr. Smith is an experienced fieldman, having acted in that capacity in the Rocky Mountain states and recently in Kentucky and Tennessee for Great American. In addition, he was in the local agency business at Princeton, Ky. He was educated at University of Kentucky and Jefferson law school.

Wallace and Elkins Head Oklahoma Field Groups

R. W. Wallace, Royal-Liverpool, was elected to head Oklahoma Fire Underwriters Assn. at its annual meeting at Lake Murray Lodge. D. E. Parry, Boston, was named vice-president, and John Benson, retired, was reelected secretary. The event was a combined meeting with Oklahoma Fire Prevention Assn. and

the public relations committee.

The fire preventionists elected Marvin Elkins, Northern Assurance, president; Perry Jones, Glens Falls, vice-president, and R. E. L. Mugg, Home, reelected secretary. After six years as director of public relations, T. Ray Phillips, America Fore, resigned. Mr. Phillips said that he felt the efforts of the committee have created in the minds of agents a deeper consciousness of the importance of public relations and the reaction of the public.

E. F. Snediker Is New Head of Cook County F.U.A.

Cook County Fire Underwriters Assn. elected E. F. Snediker, Home, president at its annual meeting at Cherry Hills Country Club, Flossmoor. W. A. Stewart, Atlas, is vice-president, and J. A. Bechtold, Travelers, secretary.

New executive committee members are E. J. Dunne, Glens Falls; G. A. Grieshaber, Home, and F. H. Larkin, Firemen's.

The Cook county group is the youngest of the 17 field clubs maintained in Western Underwriters Assn. territory. A golf tournament and dinner followed the business session.

Ryder Made State Agent

Excelsior has advanced Everett R. Ryder, Jr., from special agent to state agent, supervising Connecticut, Massachusetts and Rhode Island. He has been with the company more than two years.

Brannon Moves to Houston

Bennett G. Brannon, who has been with National Union Fire at San Antonio as special agent, has been transferred to Houston in the same capacity.

Barker to National in N. D.

Ross A. Barker has been appointed special agent in North Dakota for National Fire with headquarters at Fargo. Mr. Barker attended Concordia College and University of North Dakota and has been engaged in teaching. He has had extensive experience in hail adjustment work.

Logan Cornhusker M.L.G.

Newly elected officers of Nebraska Blue Goose are: Don E. Logan, most loyal gander; Denman Kountze, supervisor; Frank Jenkins, custodian; Gay E. Miller, guardian; Clive E. Heckenlively, keeper, and Fred A. Fletcher, wielder. Fourteen new members were initiated and one reinstated.

H. F. Kennedy Is Named

North British group has appointed Harold F. Kennedy as special agent,

with headquarters at 89 Broad street, Boston. He has had several years of practical experience in the group's Boston office.

E. B. Fraley Heads Va. Stock Fire Field Club

Stock Fire Insurance Field Club of Virginia at its annual meeting at Old Point Comfort elected as president E. B. Fraley of Agricultural; vice-president, Robert Greathead of B. P. Carter General Agency, and secretary, James W. Holbrook, New Hampshire.

New members of the executive committee are: E. S. Broach of Royal; Robert Cox, Virginia F. & M.; Bernard Jones, Security, and Clyde Marshall, Phoenix of Hartford.

This meeting was held in conjunction with Virginia Blue Goose, with more than 100 in attendance.

Leighton's Duties Lightened

E. B. Leighton, veteran state agent at Cleveland for Continental, is being relieved of production work and is being assigned to loss duties. He has been with the organization since 1915.

Succeeding Mr. Leighton as state agent is Earl B. Birong. He has been Mr. Leighton's assistant since 1934.

Overby in S. C. Field

Crum & Forster have appointed Pleas C. Overby, Jr., special agent for eastern South Carolina with headquarters at Columbia. He takes the place of Larry Bryan, who was transferred to Virginia, and will assist State Agent Archie D. Bearden.

Mr. Overby has been with Crum & Forster nine years. For several years he has been senior underwriter for South Carolina, and has also been manager of the automobile department.

Ogren Stays with American

W. G. Ogren, American state agent for eastern Kansas at Kansas City, who was reported to have resigned to enter the local agency field with the Ed Reilly agency at Leavenworth, Kan., has now decided to remain with American.

Indiana Pond Annual Meet

The annual meeting of Indiana Blue Goose will be held at Ulen Country Club, Lebanon, Ind., June 2. A golf tournament will be held in the afternoon. Robert L. Wiseman, grand keeper, is expected to attend. J. F. Halladay, Western Adjustment, Indianapolis, is now most loyal gander.

California Pond Fetes Beale

LOS ANGELES — California Blue Goose had a gala day at the Valley Park Country Club May 23, combining its annual picnic with playing host to 35 boys from the McKinley Home for Boys and

entertaining Charles L. Beale, most loyal grand gander, and Mrs. Beale. Attendance was 250 and included officers of the San Diego puddle.

At a luncheon to Mr. and Mrs. Beale they were presented a silver set consisting of tray, creamer and sugar. Later they were escorted through the 20th Century-Fox studios.

Rousse Is La. Special

Alvin S. Rousse has been appointed special agent in Louisiana for Phoenix-London. He will have headquarters at New Orleans.

N.Y.C. Pond to Elect June 6

New York City pond of Blue Goose will hold its annual outing and election June 6 at Rock Spring country club, West Orange, N. J.

In the May 22 edition a mistake was made in reporting an election of officers as being for Michigan Fire Underwriters Assn. The organization that was being reported on was Michigan State Fire Prevention Assn. W. D. Voorhees of National Fire is the president.

The largest crowd ever turned out for the annual golf outing of Illinois Blue Goose at Itasca Country Club. Don Smith of Home had low score. Dinner followed golfing.

Raymond L. Jennings of American gave a talk on "Procedure for the Inspection of Hospital Buildings" at the Fire Inspectors School at Michigan State College.

Alamo Blue Goose, San Antonio, held its outing for members and their families at Seguin, Tex., with an attendance of more than 80. The annual meeting will be held at San Antonio June 16.

Direct Reporting Field Club of Denver held its annual golf party at Lakewood Country Club Monday.

The Blue Goose auxiliary of the Sunflower puddle at Wichita held its May luncheon at the home of Mrs. C. C. Crow with Mrs. John L. Vorse and Mrs. R. E. Jackson assisting.

Joplin Agency Expands

William Davis has joined the Burgess agency of Joplin, Mo., as a member of the firm. He had been five years with Western Adjustment.

Albert C. Burgess, Jr., son of A. C. Burgess, graduated from University of Arkansas last year, and is now with the firm. A. C. Burgess, Sr., founder of the agency in 1916, is still head of the firm.

National Union Dividend

Directors of National Union Fire have just declared a dividend of 45 cents per share, payable June 23 to stockholders of record June 5.

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How to Avoid
the hazards
of Guessing
on Coverage*

● Safeguard your client's interests—stress the need of accurate appraisals to determine insurable values and avoid the dangers of guesses and short-cuts by recommending—

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PERSONALITIES AT MIDYEAR MEETING OF CONNECTICUT ASSN. OF INSURANCE AGENTS AT DARIEN: W. W. Hatfield of Bridgeport; E. S. Cowles, III, Hartford, and John R. Hansen of the Hatfield agency; Robert H. Stocker, Jr., superintendent of rating of New England Fire Insurance Rating Assn., Boston; Harold K. Philips, publicity director Assn. of Casualty & Surety Companies, and Edgar H. Clarke of Manchester, vice-president of association; W. Chandler Moffatt of Westport, president of association; Leon Brody, Center for Safety Education, New York, and Philip Bliss, Middletown; W. Harry Wiley, executive secretary of association, and Frank Wagner, deputy Connecticut commissioner.

Conn. Agents Attack Auto Problems

(CONTINUED FROM PAGE 3)

motor vehicle owners in the state, telling in brief, concise language what the owner is to do when there is an accident. This leaflet carries the seal of the state so that it cannot be used for advertising purposes. The agent cannot put his name on it, though he can mail it out with advertising literature. The leaflet does 50% of the educational program.

Association Cooperating

It is the opening gun of the educational program, which is started fairly close to the effective date of the law so that those who must be informed about it will not forget the effective date. The M.V. commissioner will be on the air to explain the law and answer questions. There will be spot announcements to treat particular points of the law. There will be releases to the newspapers. Connecticut is the second state in which advertising mats and spot announcements

are being sent out as suggestions for newspapers and radio stations to follow, where companies and agencies want to purchase space and time. This is done as a guidance measure only, to keep the advertising from being misleading. The Connecticut association is distributing the advertisements and announcements there, and there are several local groups of agents that are going to advertise.

The association has held more than 60 regional, committee and other meetings in the first half of the present administration's year. W. Chandler Moffatt, Westport, the president, said in his report. One important accomplishment has been introduction of the one-write fire policy and the endorsements that go with it. G. Burgess Fisher of Hartford, secretary of the association, has done yeoman work on this, Mr. Moffatt said. Vice-President Edgar H. Clarke, Manchester, directed the program of regional

meetings, which attracted more than 200 agents who had not previously attended a state meeting. This has established a pattern which the association will follow in the future.

Mr. Moffatt paid tribute to Philip Bliss of Middletown for his work, which has been nationally recognized, in sponsoring driver education courses in Connecticut schools. He noted that John Hansen of the Hatfield agency of Bridgeport, chairman education committee, has guided improvement in the questions given agents prior to licensing and said the association now is considering a cost survey among agents.

Will Review Agent Problems

The rating organization at its June meeting will have a session at which it will review agents' problems.

The agents are much concerned about the present lack of market for automobile casualty lines, he said. The association is conducting a survey of the situation with the cooperation of the insurance department. Commissioner Allyn is trying to arrange a meeting of agents, the bar as-

sociation and motor vehicle bureau on the M.V. accident claim problem.

Mr. Moffatt welcomed the New Mutual Insurance Agents Assn. of Connecticut, just formed.

William T. Wood, president Mid-Fairfield association, brought the greetings of the host group. Mayor Kerrigan of Darien spoke briefly at the luncheon as did Frank Wagner, deputy superintendent of insurance. H. J. Steeneck of Home and Mr. Wagner were presented gifts in token of the agents' appreciation for the assistance the two men provided regional meetings.

Mr. Stocker told agents that occasionally they failed to attach notice of error slip to an endorsement designed to correct an error and submit it to the stamping office. The criticism, therefore, may not be caught and removed in the stamping office, and the violations may eventually be reported to insurance departments, which in turn take them up with insurers in order to get a correction or a cancellation to the policy. One insurance department reported that of 113 violations reported, 90 already had been

C. H. GARDNER.....Vice-President
J. M. B. PETRIKIN.....Vice-President
HERBERT HOOGLSTRATE...Treasurer

G. N. GARDNER.....President

HAZEL O'NEILL.....Secretary
H. W. HUSKINS.....Ass't Secretary
CARL P. ALLEN.....Ass't Treasurer

Forty-eighth Annual Statement

THE MERCHANTS FIRE INSURANCE COMPANY

DENVER, COLORADO

DECEMBER 31, 1951

ASSETS

Cash on Deposit and Office Fund	\$ 215,415.65	
Bonds—at amortized values—		
Note A:		
U. S. Government.....	\$2,695,889.11	
State.....	35,472.05	
Municipal.....	645,903.59	
Industrial and		
Miscellaneous.....	11,000.00	3,388,264.75
Common Stocks—		
At Market Values		
Utilities, Etc.....	\$ 33,600.00	
Industrials.....	128,117.00	161,717.00
First Mortgage Loans on		
Real Estate.....		337,621.07
Accrued Interest on Bonds		
and Loans.....		15,811.02
Agents' Balances.....	\$ 309,801.79	
Less Ceded Reinsurance		
Balances.....	51,571.57	258,230.22
		<u>\$4,377,059.71</u>

LIABILITIES

Loss Claims in Process of Adjustment:		
(Less Losses Reinsured, \$84,159.42).....	\$ 272,455.43	
Advance Payment by Reinsurer Applicable		
to Catastrophe Loss.....	33,350.00	
Accounts Payable and Accrued Expenses...	65,917.62	
Reserve for Unearned Premiums.....	2,858,931.57	
Reserve for Contingent Commissions.....	35,000.00	
Reserve for Possible Adjustment of Rein-		
surance Commissions, Etc.....	31,078.14	
Capital Stock.....	\$400,000.00	
Surplus.....	680,326.95	1,080,326.95
		<u>\$4,377,059.71</u>

Note A—The amortized values as of December 31, 1951, have been computed on the basis approved by the Committee on Valuation of Securities of the National Association of Insurance Commissioners. The U. S. Government bonds include \$451,000.00 principal amount on deposit with the Insurance Commissioners of the State of Colorado, Oregon, California and Texas.

POLICYHOLDERS SURPLUS \$1,080,326.95

This Statement Is Based on Report Filed with the Insurance Commissioner of the State of Colorado

corrected and were so reported by insurers after checking.

Recently the N.E.F.I.R.A. adopted a pink slip for use to call attention to errors on dwelling policies in amounts of insurance up to \$7,500, and this has been found useful in reducing the number of criticisms.

He admitted that there are limitations in any rate making process. The rating organization cannot send a representative to look at a building, who can then say if and when the building will burn and what damage a fire would cause if it occurred. Even on closer inspection, outside and in, he still may not be able to say. Fire rate making thus cannot be an exact science, but those expert at it

can measure favorable and unfavorable circumstances of each risk. Even so, the rates turn out to be too low on the properties that burn and too high on those that do not. Here classes come in to offset the instability of the individual risks. A rating organization can, by using classes, within certain limits, tell if the rates will produce adequate premiums to pay losses, expenses, etc.

One of the problems of rating involves vacant buildings. All vacant buildings are much alike, Mr. Stocker said. However, the procedure at N.E.F.I.R.A. is to classify vacant buildings according to the last known occupancy. Another problem consists of auxiliary buildings. Should these go to the main risk for

classification, or should each be coded in relation to its own occupancy, construction and protection? N.E.F.I.R.A. applies the second principle, with some exceptions, such as summer camps, amusement parks, hospitals, penal and educational institutions, etc. While there are still some loose ends in coding, N.E.F.I.R.A. does have a fairly good degree of uniformity between branch offices throughout New England, Mr. Stocker said.

Casualty insurance has played a major role in safety programs, Dr. Brody pointed out. The insurance companies have been prime movers in such things as uniform traffic regulations, driver licensing, M.V. inspections, and driver

education. The need for these things has been predominate because enforcement is weak. The administration of driver licensing needs improvement. On M.V. inspections there needs to be created a community appreciation of the problem. On survey, 86% of motorists favor stricter regulations and tests to keep the dangerous drivers off the road; 40% favor re-examination of drivers on renewal of license.

Much more needs to be done with respect to pedestrian cross-walk markings, signals, etc., and the building of public support for campaigns to cut down on pedestrian accidents.

In the field of driver education more than 8,000 high school driver education courses now are being given. He cited what state and local agents' associations are doing in this field. A survey of existing school facilities for driver education is basic, and of course agents can furnish instructional literature for public distribution and use in school programs. Agents have helped provide driver training equipment, and can do more.

Adult Education

One new development is adult education. It is a direct approach to the safety problem that bears on underwriting of automobile casualty, he noted. Purpose here is to teach adult drivers to drive, provide a brush-up on driving, develop advanced driving skills, and correct specific faults of chronic violators and accident repeaters.

Agents can help a great deal in this new development, he declared. In the first place, adults can be educated to drive safely. They can learn any field, their knowledge can be increased, their skills improved, and their attitude modified. But it has to be done through organized education, he said. The next question is, "Are adults willing to take time to learn?" He cited an experience in Brooklyn, where a single announcement in one local newspaper produced more than 700 inquiries from persons interested in taking such a course.

Millions of licensed drivers are operating on skills probably acquired haphazardly many years ago. They don't know their driving faults, or how much knowledge is required for modern driving. A 5- to 10-year accident free driving record is no indication they do not need such education, he said.

The adult program comprises an 8-hour refresher course designed especially for agents to sponsor. It is a challenge to agents, but is an excellent medium for ethical public relations. N.A.I.A. has okayed it and plans to promote the course through local boards. Teamwork will put it across. The traffic situation is rapidly deteriorating. One projection points to 107 million licensed drivers by 1967 with 16 million accidents per year, or one out of nine. Much stronger leadership must be applied to safety, and that leadership must spring up all over the country.

Illinois 1752 Club Plans

Illinois 1752 Club held its final dinner of the year at Chicago and plans were completed for an outing on June 27 at Twin Lakes, Wis. George Haskell, secretary-treasurer of American Mutual Alliance, described the work of his organization. An Underwriters Laboratories film was shown. Emblem pins were distributed to the members by President Clyde V. P. Anderson, Badger Mutual.

Joel A. Bloomquist, attorney of Employers Mutual Liability, gave a talk on industrial noise problems at the May 27 meeting of St. Louis Insured Members Conference.

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Telephone Tabor 5736

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Baltimore, Md. Phone Plaza 6940
Pocomoke City, Md. Phone 671

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PALM BEACH—518 Lake Avenue, Lake Worth
KEY WEST—Refer to Miami Office

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CORPORATION
MIAMI
Adjusters for all lines
Phone 9-4708 2828 Biscayne Blvd.

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C. E. OLVEY IS NEW ARK. CHIEF

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—rather than the rule. But from my point of view, I can see no excuse for these occurrences."

Concluding, Mr. Graves urged the agents to continue their efforts in getting their clients to carry larger amounts of insurance in view of present day inflationary trends. Low insurance to value was very striking as shown by the March tornadoes, he said.

The 50th anniversary committee chairman, Leon E. Werntz, Fort Smith, states that the association's historical volume, "A History of Capital Stock Insurance in Arkansas, written by Henry A. Ritgerod, Little Rock, would be ready for distribution in mid-June. Simon Joseph, Pine Bluff, reported on the Southern Agents Conference meeting and Mr. Maxwell, member of the N.A. I.A. executive committee, reviewed national activities.

P. G. Brown, Fort Smith, chairman of the casualty committee, said it is now functioning as a conference committee is meeting with casualty company interests from time to time. The committee is working with companies to eliminate the delays and red tape in handling risks through the automobile assigned risk plan. W. Dan Cotton, Little Rock, said the fire conference committee has under way with the Arkansas Bureau the removal of the \$1 minimum premium for the A. E. C. endorsement, revision of the minimum premium rule whereby the minimum on installment and renewal policies could be 78% of the one-year minimum premium of \$7.50, establishing of only two filing dates for Arkansas for revisions, and adoption of a loss notice which would track with the present one-write policy.

T. A. Monroe, Magnolia, fire prevention committee chairman, called attention to the forthcoming National Board film, "The Magnolia Story," depicting the town inspection work of Arkansas Fire Prevention Assn. in whose program the agents' association participates as an active sponsor.

Also E. J. Seymour, Monroe, La., member of the executive committee of the N.A.I.A. spoke on the value of state and national associations.

Edward L. Wright, Little Rock insurance attorney, discussed some of the legal aspects of local agency organization, contrasting the advantages and disadvantages of proprietorships, partnerships and corporations. In particular he stressed the desirability of definite partnership agreements embodying survivor options-to-buy and at values fixed by predetermined agreement or formula. He also outlined how agents may be liable in certain circumstances for negligence in failing to place insurance, misrepresentation as to character of coverage, and setting inadequate policy limits.

The Grand Ol' Order of the Purple Duck, an organization composed of the associations' past presidents and past

full-time managers, held its annual dinner, with Joseph C. Meyers, New Orleans, oldest living past president, who headed the association in 1915-1916, presiding.

G. A. B. Disaster Setup Told

George W. Jordan, executive supervisor, General Adjustment Bureau, Dallas, explained in detail the G.A.B. setup for handling storm losses in disaster areas.

William C. Ellis, Aetna Casualty, Hartford, spoke on the "Three S's of Salesmanship" Friday and J. F. White, advertising director of Maryland Casualty, gave a penetrating, cogent analysis of basic principles of insurance advertising.

Communism is a threat from without but creeping socialism is more dangerous, C. R. Sligh, Jr., regional vice-president, National Assn. of Manufacturers, Grand Rapids, Mich., said.

A comprehensive analysis of the automobile liability situation was given by J. R. McWilliams, assistant manager automobile division of National Bureau of Casualty Underwriters. He described the difficulties of trying to set up and administer a safe driver reward plan, which has again been proposed by certain interests.

New Fire Liability Form Is Provided in New York

(CONTINUED FROM PAGE 4)

work shop, warehouse or garage, and not as to property being worked on by insured, which may be covered under casualty forms.

This is the first time that mortgagee clauses have been published. There is one entitled New York standard mortgagee clause and the other New York standard mortgagee clause with full contribution.

N.Y.F.I.R.O. developed an annual extension endorsement for use with the annual extension or renewal plan, in order to avoid a New York department ruling in connection with "renewal" certificates. This rule would have required the issuance of substantially a policy form, and each company would have had to prepare its own. Now the simple "annual extension endorsement" form is prepared by the rating organization for uniform use by all companies.

\$30 Million in Suits Are Filed in Amboy Explosion

About thirty suits asking for more than \$30 million have been filed as a result of the ammunition explosion at South Amboy, N. J., in May, 1950. May 19 was the deadline under the two-year statute of limitation for filing the suits. One suit asked for \$10 million for more than 12,000 plaintiffs. The suits have been filed in federal courts in Washington, New York and Brooklyn and in New Jersey courts.

The explosion did almost \$10 million of insured damage and killed 31 persons. Kilgore Manufacturing Co., Newark, O. manufacturer of the ammunition, is a defendant as is Pennsylvania and Baltimore & Ohio railroads and Healing & Son, which operated the barges. Pennsylvania Railroad has filed a suit for \$14 million against the government and other defendants in connection with the explosion.

Plaintiffs in suits against the government include individuals, churches, municipalities and other property owners.

Asks More M.L.R. Data

Missouri has issued a call for more data on multiple location business. Commissioner Leggett has written stock companies asking those writing multiple location reporting, floater and automatic pick-up coverage under forms No. 1,

No. 5, and class floater, under the plan filed by Missouri Inspection Bureau, to furnish Missouri underwriting experience, premiums written and losses paid, for 1952.

Mr. Leggett states that before and after the department's 1948 approval of these classes on the state average tariff plan and under certain other instructions, numerous rating plans for the class have been received. However, no final action has been taken and will not be until the statistics are in for 1952. He notes that the various plans seem

to have been crystalized into the Multiple Location Service Office plan and the alternate plan.

To Build at Los Angeles

North America has purchased three properties on South Vermont avenue, Los Angeles, as the site for a new and modern office building to house its southern California office. There are three old residences on the site, which will be removed to make way for construction of the office building.



This compact "slide-guide" gives rates at all ages for 16 different types of life, endowment, retirement income and term insurance. In addition, there's information on insurance for children and family income contracts.

With a Connecticut Mutual "Rates at a Glance" guide you can be prepared to quote a life insurance rate any time. It's only four by eight inches so you can always have it with you.

This is only one of many valuable aids to simplified and more successful life insurance selling that The Connecticut Mutual offers fire-casualty

agents and brokers who are interested in writing life insurance. For years we've worked with fire-casualty men and helped them cash in on the life insurance sales available among their clients and prospects. There's printed material that will give you exactly what you need to handle life insurance. If you need selling help, we have men who know the subject thoroughly to work with you.

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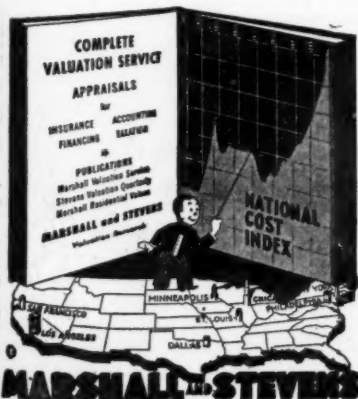
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Town



I.E.A. Report Rules Out Flood Insurance

(CONTINUED FROM PAGE 1)

was a very limited market, that the peak demand was immediately following a flood, and that insurance was not maintained after the lapse of several floodless years. Adverse selection and inability to get a proper spread of risk, caused the companies to charge rates proportionate to the exposure which affected property owners could not or would not pay.

To set up flood insurance rates that would be not be unfairly discriminatory, it would be necessary to have not only a complete hydrological survey of each river basin and flood area in the country but also a detailed hydrological survey of each "reach" of each river and, in addition, a detailed survey and appraisal of each property to be insured. It might be possible to compute an average rate for properties in certain areas, but even

this would not eliminate the vast amount of detail necessary for classifying individual properties. This, in many cases, could make the expense of rating properties prohibitive.

The engineers, the report says, outlined a method for estimating maximum probable flood loss for an individual property. This loss might or might not be equal to the value of the property exposed, depending upon the nature of the property, its location, and hydrological factors, but it would be the minimum amount of insurance the property owner should carry in order to collect any loss in full up to the limit of his policy.

The engineers also outlined a method for estimating the average annual loss for an individual property. This is the amount an insurer would have to charge

merely to pay losses, and to this there would have to be added a loading to cover expenses. Thus the average annual loss for an individual property plus the expense loading would represent the premium which an insurer would have to charge the property owner for protection equal to his estimated maximum probable loss.

Using methods outlined by them, the engineers computed average annual losses for certain properties in several flood areas. These computations show conclusively that flood insurance on those properties on which such coverage is most needed could be offered only at a prohibitive premium because of the virtually certain loss and therefore, for practical purposes, these properties would be uninsurable.

Even in cases of businesses in high tax brackets which could use the cost of flood insurance as a deduction for tax purposes, it would be purchased only in times of prosperity when business earnings were high and when normally such businesses would be best able to bear their own flood losses. Non-business property-owners would not have this tax advantage, and flood insurance at a prohibitive cost would be correspondingly less attractive to them.

Distribution of Cost Difficult

Equity requires that the cost of flood insurance should be borne by those whose properties are exposed who would choose to purchase specific flood insurance. To attempt to distribute the cost among all insured, regardless of their exposure, would be manifestly inequitable. Property-owners without a flood exposure would not voluntarily bear a charge for flood insurance, and it would not be possible for private insurance to impose such a charge upon them.

In spite of this, the report notes that some have seriously urged that the cost of flood insurance be distributed as a loading on extended coverage rates and that flood coverage be included as a part of extended coverage. Companies engaging in such a practice would be at a hopeless competitive disadvantage with companies not offering flood insurance coverage.

According to U. S. weather bureau records, property losses from flood over the period 1924-1949 inclusive have averaged more than \$110 million annually. If such losses were to be paid under extended coverage endorsement, and a proper loading added, it is estimated that present rates would on an average have to be approximately doubled. Obviously, the report says, this would be acceptable only to property owners exposed to damage by flood. Insurers which agreed to such an increase in extended coverage rates would expose themselves to being priced out of the fire and E. C. market.

Statistics of U. S. army engineers show even a worse situation. They put the flood damage to property in the U. S. at approximately \$466,000,000, which would indicate, if such estimates are reasonably accurate, that present E. C. rates might have to be increased

by as much as 400% on an average country-wide.

Even if the foregoing practical considerations could be brushed aside and particularly if it could be assumed that property owners with a flood exposure would buy flood insurance at the indicated rates, the catastrophe potential of such an undertaking would be so great as to threaten the solvency of the entire property insurance business, thereby undermining the security behind outstanding commitments. It is doubtful that the aggregate net free assets of all insurers would be adequate to withstand the constant drain of the recurrent catastrophe losses that would be inherent in flood insurance.

The maximum probable flood damage in any general flood area may occur in any year. If a flood insurance undertaking were restricted to a single general flood area, insurers would have a constant exposure to a catastrophe loss equal to the maximum probable damage to all insured properties in that area. If a flood insurance undertaking were extended to all flood areas in the U. S., the maximum probable catastrophe loss would be likely to be less than the aggregate maximum probable damage in all the individual flood areas since major floods are not expected to occur in all parts of the country in the same year. Even so, insurers could have no certainty that the maximum probable flood damage in two or more general flood areas would not occur in two or more consecutive years.

Study at Lowell, Mass.

A study made by the engineers reveals that if all of the 54 properties surveyed at Lowell, Mass., were insured for the indicated annual premium of \$127,584 (plus expense loading), maximum probable losses on these properties would be more than \$3,800,000. Thus, if there were no intervening floods, it would require almost 30 years to accumulate out of premiums a fund equal to the maximum probable loss which might occur in any year and could occur several times within this 30 year period. Similar catastrophe potentials are found in every flood area.

To the experienced insurance mind, the report says, the flood peril presents the same sore of unpredictable widespread destruction that is associated with modern war damage, and the same considerations apply which prompted the business to refrain from assuming liability for war damage to property on land during the last war.

Aid for Candidates

Prospective C.P.C.U.'s were guests of the Connecticut chapter at the Aetna Fire club room Tuesday.

This annual "open house" is to assist candidates who are taking the June examinations. The program features helpful hints by the educational committee: Ronald M. Streeter, Hartford Accident; L. Ray Ringer, Aetna Fire, and L. V. Irvine, Travelers.

WANT ADS

Rates—\$13 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Monday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—FIRE & CASUALTY EDITION

WANTED

An executive type man between ages 38 to 45, who is thoroughly familiar with Trailer Home Mfg. and Selling, to become associated with a progressive insurance company. In reply give full outline of your experience and personal history, and attach picture of yourself. All replies treated confidentially. Address L-69, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FIELD OPPORTUNITY

Nationally operating independent multiple line company has outstanding field opportunity in Minnesota. It will pay you to investigate. Address L-57, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

MICHIGAN GENERAL AGENT

A multiple line midwestern mutual fire company, 35 years old, desires a general agent for Michigan. Write to Box No. L-65, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

OPENINGS FOR ACTIVE RETIRED MEN

with fire experience and/or ability to write good letters for leading organization specializing in fire coverage for industrial lines. Located northwest side Chicago. Address L-77, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SAFETY ENGINEER

We in the casualty insurance business are looking for a man to make general liability, plate glass, burglary and elevator inspections. Location either Minneapolis or Chicago. Excellent future for a man willing to put forth conscientious effort. Replies confidential. Address L-70, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FIRE INSURANCE EXECUTIVE WANTED

Iowa Casualty Company desires experienced Fire man. Must be capable of setting up and supervising Fire Department. Company is writing casualty lines in several states at present and is anxious to make Fire and Allied Lines available to its agents. Replies will be held strictly confidential. Address L-71, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Multiple line fieldman, 16 years producing, underwriting, engineering profitable business. Specialist large risks, surveys. Local agency experience. Age 35, draft exempt, locate anywhere. Large following Indiana, Kentucky, Ohio, Tennessee. Address L-72, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

OPPORTUNITY

Excellent Agency opportunity with largest southern firm for intelligent young man with fire insurance background ability in office management helpful. Write full details of experience and salary expected to E. H. Crump & Company, 110 Adams Avenue, Memphis, Tennessee.

WANTED TO BUY

Local Agency with average annual premium income between \$35,000.00 and \$60,000.00. Write Charles S. Jones, 335 Patterson, Neosho, Missouri.

WANTED

SAFETY ENGINEER

Chicago area experienced in engineering automobile fleets, manufacturing plants, hotels and elevators. Write or phone Mr. L. F. Stailey AMERICAN CASUALTY COMPANY 175 W. Jackson Blvd., Chicago 1, Illinois

CASUALTY SPECIAL AGENT

Real opportunity for an aggressive man with at least several years field experience. Salary open. Continental Casualty Company Pittsburgh Branch Office 200 Grant Building R. F. Holz, Manager

STATE AGENT

Stock fire insurance company has outstanding opportunity for a fully qualified man with several years fire field experience. Liberal benefits. Salary based on qualifications. Address L-73, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

POSITION WANTED

Fire Protection Engineer graduate with 24 years experience in Fire Insurance Engineering and Underwriting of Mercantile and Manufacturing Risks desires to associate with Insurance Broker or Company. Excellent references. Now employed. Address L-76, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

STATE, DISTRICT MANAGER

Special Agent and high producer for western company handling fire, auto, other casualty lines. Prefer western, midwestern territory. Can furnish good references regarding ability. Married, one child. Address L-74, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Georgia Agents Hold Rally

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speakers of note, three well attended forums on results of the first year's operation of the state's safety responsibility law, farm and small-town agents, and agency management and sales. The latter had on its panel Arthur L. Schwab, Staten Island, N. Y., member of the N.A.I.A. agency management committee; William J. Traynor, assistant secretary North British & Mercantile; Clare S. Marshall, eastern manager of the appraisal firm of Marshall & Stevens, and Louie E. Woodbury, Jr., Wilmington, N. C., immediate past chairman of the Southern Agents Conference.

Wagner Subs for Murphy

Substituting for Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, whose granddaughter was recently stricken with polio, Richard C. Wagner, manager of the casualty department, pleaded for a united legislative front on the increasing bills being introduced in the states.

"Give some people the facts and they will draw their own conclusions," Mr. Wagner said of certain interests charging high company profits by comparing gross premiums received with losses paid.

Charles S. Cooper, fidelity manager of National Surety, brought out many interesting points in his discussion of the "expensive minority" of criminals and embezzlers who are proving more and more the need of proper liability coverages.

Dr. Walter Flick, Washington & Lee University, was the banquet speaker. Commissioner Cravey installed the new officers.

Fire and E.C., sprinkler leakage and business interruption written with a manufacturer's form on a stock of live crickets, grown commercially for fishing, won for the Atlanta agency of Haas & Dodd the Arnall unusual risk award presented each year by the Georgia association to the agent writing the most unusual risk. Judges were W. O. Stephens, Jr., president Fire Insurance Fieldmen's Club; Courtlandt F. Luce, Jr., skipper Mariners Club, and James C. Atkinson, representing Southern Casualty & Surety Assn. The award was presented originally in 1936 by Hamilton C. Arnall, Newnan, past president of the association.

Am. Fore Units Up Dividend

Continental and Fidelity-Phenix have increased their rate of regular dividend payment from 50 cents to 65 cents quarterly. A declaration of the latter amount has been made by each company payable June 16 to stock of record June 2. Thus the stock is placed on a regular dividend basis of \$2.60. In 1951, besides the four regular quarterly dividends of 50 cents there was paid by each company a year-end extra 50 cents. Hereafter the quarterly dividends will be paid on or about the 15th of March, June, September and December, instead of in April, July, October and December.

Schedule for N.A.I.C. Parley

(CONTINUED FROM PAGE 1)

an "official guide" for the filing and approval of life forms, similar to the A. & H. guide "to interpret and deal with non-statutory requirements;" to explore the possibility of agreement among departments as to what constitutes "employee" or "wholesale" insurance with basic underwriter rules (as in group insurance) as well as required provisions; may a mutual life company write non-participating policies?

10:30 a.m.—Definition and interpretation of underwriting powers committee, Leslie, Pennsylvania, chairman; classification of fire, marine and casualty industry committee report; report of industry joint committee on interpretation and complaint.

12:00 noon—Luncheon.

2:30 p.m.—A. & H. committee, Knowlton, New Hampshire, chairman.

Blue Cross-Blue Shield subcommittee report; policy benefits in relation to premiums, subcommittee report; clause excluding coverage when hospitalized in government hospitals; effect, if any, of elimination of brief description by 1951 standard provisions law on requirement of paragraph M of item 2, page 8, third edition, official guide; insurer compliance with the uniform individual accident and sickness policy provision law.

2:30 p.m.—Taxation and real estate committee, Viehmann, Indiana, chairman.

3:30 p.m.—Workmen's compensation committee, Larson, Florida, chairman; valuation law amendment, subcommittee report; workmen's compensation small policy economies report.

3:30 p.m.—Fire prevention and safety committee, Cravey, Georgia, chairman.

4:30 p.m.—Examinations committee, Bowles, Virginia, chairman.

That the association manual of examination practice and procedure be amended to provide a separate section dealing with rates, rating bureau affiliations and statistics pertaining to experience and rates; examinations practice and procedure manual revision subcommittee report; reconsideration of Zone 4 resolution covering inclusion of certain salary information of officers and to what constitutes "employee" or directors in all reports of association examinations; extent, if any, to which examiners should adjust the income tax liability of an examined company as a result of substantial differences between their claim of liability reserves and those set up by the company; the matter of calling examinations and setting the preliminary work to be done in a week or 10 days and the regular examination to follow within the next 60 or 90 days; examination call procedure by assistant secretary's office.

Wednesday, June 25

9:00 a.m.—Uniform accounting committee, Lange, Wisconsin, chairman; uniform accounting subcommittee report; the proposal for a rearrangement of columns for various primary and secondary lines of insurance.

10:30 a.m.—Valuation of securities committee, Bohlinger, New York, chairman; valuation of securities subcommittee report.

1:00 p.m.—Open period for zone meetings and the preparation of committee reports.

3:00 p.m.—Plenary session.

Thursday, June 26

10:00 a.m.—Commissioners only executive session.

Hold Woodmen Wis. Meet

Ninety district managers and agents, with their wives, attended a state meeting of Woodmen Accident and Woodmen Central Assurance at Green Bay, Wis. The home office was represented by E. J. Faulkner, president, and C. W. Faulkner, superintendent of agencies.

CHICAGO

CHICAGO ADJUSTERS ASSN. ELECTS

Adjusters Assn. of Chicago has elected these new officers: President, Sterling Bassett, Western Adjustment; vice-president, Les Schreiber, Toplis & Harding-Wagner & Glidden; secretary, Ray Iekel, Underwriters Adjusting; treasurer, Ed Brunke, Frank L. Erion & Co.

The association's annual golf outing is set for Elmhurst Country Club June 5. Ed Boehner of Western Adjustment is chairman.

TRAFFIC SAFETY RALLY

The insurance membership group of Union League Club of Chicago is joining with the public affairs committee of the club to hold a luncheon meeting and forum June 3 on traffic safety. The insurance participation is in charge of Roy L. Davis of Assn. of Casualty & Surety Companies, who is chairman of the insurance membership group, and by J. S. Richardson, Standard Accident resident vice-president, who is chairman of the traffic safety committee of Casualty & Surety Managers Assn. of Chicago. The main speaker will be Franklin Sturdy, who is executive director of Citizens Traffic Safety Board of Chicago, and who has about \$150,000 annually at his command to which insurance interests contribute about 20%. Also present, it is expected, will be Mayor Kennelly and Col. Franklin Kreml, chief of the traffic institute at Northwestern University, and Howard Willett, who is chairman of the Citizens Traffic Safety Board.

The meeting will be open to non-members of the club.

NAME ANDERSON, DOYLE

Starkweather & Shepley, Inc., general insurance agents, has appointed Leonard W. Anderson and George R. Doyle as assistant secretaries of the Illinois cor-

poration. Mr. Anderson, who has headed the survey-analysis department for three years, will devote most of his time to contacting accounts. Mr. Doyle has been elevated to manager of the casualty underwriting department.

NEW YORK

DANKO HEADS BUYERS

Savings Banks Insurance Forum of New York State has elected John Danko of Central Savings Bank chairman; William F. Owens, Emigrant Industrial Savings Bank, vice-chairman; Gerald Pingerra, Lincoln Savings Bank, secretary, and Alfred Kranen, Kings County Savings Bank, treasurer.

EX-FIELDMEN ELECT

New York Ex-fieldmen's Society has elected J. A. Rizy, North America, chairman; M. F. Wallace, Commercial Union, vice-chairman, and D. E. MacLay, Great American, secretary. The group is composed of active and retired insurance men formerly in the field in New York state.

H. C. Thorn Gets 3rd Term

Henry C. Thorn, resident vice-president of North America, has been re-elected to a third term as chairman of American Cargo War Risk Reinsurance Exchange.

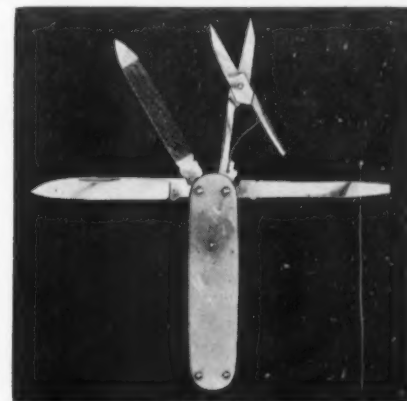
Others reelected were Owen C. Torrey, general manager of Marine Office of America, vice-chairman; Hawley T. Chester, Chubb & Son, deputy vice-chairman; Edward R. King, secretary, and Romer F. Weyant, treasurer.

Burt Attridge, manager of General Adjustment Bureau, talked on adjustment of insurance claims at a meeting of Littleton (N. H.) Lions Club. He also conducted a question period on insurance problems.

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EDITORIAL COMMENT

A Positive Answer to Compulsory

The number of laymen who favor compulsory automobile insurance is impressive. These persons carry insurance—at an ever-increasing cost—and the quick advocacy of compulsory is aimed at making the irresponsible responsible, so that the economic consequences of an accident may be liquidated.

Upon interrogation almost all of these people do not think it is fair for most people to carry insurance because they recognize their responsibilities and the potential damage an automobile may create, while others refuse to shoulder their responsibility and go about the highways menacing proper citizens.

It is not a quick and easy matter to explain to such people that compulsory will not accomplish what they have assumed it will do, produce 100% economic liquidation of the consequences of automobile accidents. There is the non-resident uninsured, the substantial number who drive for some time without a driver's license before the police can catch up with them, etc.

And in a sense this is a negative story, that compulsory will not do the job. The public then asks, "What will do the job?" Here, the business now has something positive to point to, the program in New Jersey that combines a strict financial-safety responsibility law with an unsatisfied judgment fund. Here at last is a positive program designed to pay off the consequences of automobile accidents.

Here for the first time is a carefully studied plan that should produce a 100% blanket coverage of the auto accident problem. At last, the irreducible minimum of uninsured drivers that exists in Massachusetts and in states with F.R. laws is reduced to nought. Probably the cry for compulsory would always exist to some extent so long as there was a fraction, perhaps very small in percentage, but nevertheless fairly large in number of cars, that could not be induced in any way to become insured. But in the U.J.F. law in New Jersey is a provision which, if it functions as it should—and it probably will—will undoubtedly bring the automobile population closer to 100% coverage than it has been before, even with compulsory.

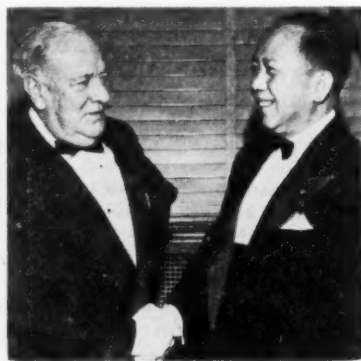
This is the feature that the fund becomes subrogated to the rights of the accident victim who obtains a judgment against a non-insured, non-financially responsible owner-driver, and is paid by the fund. The fund, directed in part by insurance men who are quite experienced in realizing on subrogation

rights, has the responsibility of pursuing the defendant and using all legal means to recover the amount of the judgment.

The fund is a permanent organization created by law. It will be in part at least operated by men skilled in subrogation activities. It is positively charged with the responsibility of recovering a debt from persons responsible for causing damage and injury, but irresponsible economically. The fund undoubtedly will be very effective in securing repayment even if it is only a dollar a week, and perhaps even beyond the boundaries of the state. The resident wrong doer is off the road, no longer legally able to drive until he satisfies the judgment. But now he will be pursued for the money he owes, not by an individual whose time and resources are limited and who therefore may soon have to drop the pursuit, but by an official, enduring agency with plenty of both time and resource.

This should eventually convince into voluntary insuring those who shirk their responsibilities under the notion they are judgment proof. In New Jersey, they will find themselves subject to judgment, if it is only \$5 a week for the rest of their lives.

New Jersey Assn. of Insurance Agents is doing a good job in explaining in the press and otherwise that the existence of the U.J.F. and payment by auto owners into it does not absolve them from responsibility for financial preparedness. At some point it might include for the benefit of those who do not insure, on the old judgment proof misconception, that this false security, never much good, is no good at all.



John R. Cooney, president of Firemen's is shown with Gen. Carlos P. Romulo, Philippine ambassador to the U. S., at reception preceding the annual dinner of National Board. Mr. Cooney was reelected president of National Board and Gen. Romulo was the dinner speaker.

PERSONAL SIDE OF THE BUSINESS

Dudley Pruitt, actuary and chairman of the planning committee of General Accident, who became president of Insurance Accounting & Statistical Assn. at its annual meeting at Cincinnati, started in insurance in 1926 with Independence Indemnity at Philadelphia.



Dudley Pruitt

He graduated from Haverford College and was with Woodward, Fendiller & Ryan and Pennsylvania Indemnity before becoming statistician for the eastern department of Fireman's Fund at New York, in 1937.

He has been with General Accident 10 years. He is a fellow of Casualty Actuarial Society and is a member of its council, educational committee, and committee on compensation and liability loss reserves. He is a member also of the uniform accounting advisory committee of Casualty Accountants & Statisticians Assn.

Herman P. Winter, secretary in the western department of America Fore, is treading on air as he is newly admitted to the grandfather club. James Winter has arrived at the home of his son, John L. Winter and Mrs. Winter at LaPorte, Ind. John Winter is with Sears, Roebuck & Co., but Herman Winter hopes to tag James for America Fore.

Insurance organizations are becoming so numerous that there are getting to be some duplications of initials, and one such produced an awkward situation at the Palmer House, Chicago, last week. Assn. of Insurance Advertisers (A.I.A.) was holding its annual convention and banquet there, and the same evening Assn. of Insurance Accountants of Chicago (A.I.A.) was also having a dinner at the Palmer House.

Assn. of Insurance Advertisers was advised that its dinner was to be in a certain room and there were several guests who were so notified, but when the chips were down, it turned out that this was the room for the dinner of Assn. of Insurance Accountants and actually, there was no room set up for Assn. of Insurance Advertisers. The latter in the emergency was provided with a large and comfortable room and the hotel stationed a flagman outside the dinner room of A.I.A. (Accountants) to direct A.I.A. (Advertisers) banqueters to their proper place.

Alan O. Robinson, U. S. manager of Yorkshire, accompanied by Mrs. Robinson, flew to London. While there he will attend the annual meeting of Yorkshire at the home office at York. Later they plan to visit Paris and Stockholm, returning in about six weeks on the Queen Elizabeth.

Edward J. Miller, Louisville local agent, was guest of honor at a luncheon there given by companies in his office in recognition of 50 years in insurance. He started in the local agency business at Louisville and later for a time was with Continental at Chicago, after which he returned to Louisville, and developed

one of the largest agencies in the state.

Among the guests were H. W. LaRue, secretary America Fore, Chicago; David H. Moore, vice-president of Home; Frank L. Ludington, western manager of Atlas; C. E. Hoopes, western manager Providence Washington; George H. Parker, manager Kentucky Inspection Bureau and W. W. Gaunt, Jr., president of Louisville Board of Fire Underwriters. Toastmaster was Julius V. Bowman, state agent of Fire Association. Mr. Miller was presented a gold plaque, suitably engraved. Short talks were made by Messrs. LaRue, Moore, Ludington, Hoopes and Parker. Mr. Miller reviewed the many changes in the insurance business over the half century.

Spalding Southall, Kentucky commissioner, and Miss Alma Virginia Dawson, Shelbyville, Ky., were married May 24 at Shelbyville.

E. S. Downs, vice-president of J. H. Leiding agency, Cincinnati, has been elected vice-president of Ohio Junior Chamber of Commerce.

Arthur L. Schwab, the new vice-president of New York State Assn. of Insurance Agents, has been in insurance since 1938 when he joined the agency of Moffatt & Schwab on Staten Island. The agency began in 1898, and was operated for a number of years by Mr. Schwab's father, Anton L. Schwab. Arthur Schwab became secretary of the agency in 1940 and president in 1941 upon his father's death.

Mr. Schwab has been quite active in state association affairs. He has been chairman of the membership committee for three years, and has participated actively in the regional meetings, of which the state group has held a number in that time. Mr. Schwab had an airplane and used it extensively before he went into the air corps. When he returned he purchased a Seabee in 1946, an amphibian, and he has used this extensively in his trips to regional meetings. He has been on the executive committee of the state association for two terms, and is a past president of the Richmond county association.

John R. Cooney, president of Loyalty group, has been named chairman of an advisory committee for the Newark YMCA building fund campaign. Bruno C. Vitt, president of American, is a member of the committee.

Jesse W. Randall, president of Travelers, has been elected first vice-president of Connecticut Chamber of Commerce.

Alpha H. Kenna, executive manager of Kansas Assn. of Insurance Agents, has been elected chaplain of Reserve Officers Assn. of Kansas.

Rush W. Carter, who on July 1 will take over as manager of the western department of Aetna Fire, underwent an operation at St. Francis hospital, Evanston, Ill., Saturday, and will be back on



A. L. Schwab

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the job in short order. At the same time, **Ralph Learn**, assistant western manager, who underwent a serious operation two months ago, started returning to the office for a brief period each day, commencing last Friday.

L. Parsons Warren is retiring as vice-president of Associated Agencies of Chicago, June 30, and is closing a prominent career of 41 years on the Chicago insurance scene, to make his permanent home at Leland, Mich. He has been summering there for a long time and has a residence suitable for year-round occupancy. He intends to establish a local agency there.



L. P. Warren

Mr. Warren went with the Chicago local office of Liverpool & London & Globe in 1911. His father, William S. Warren, was the western manager of L. & L. & G. at that time. In 1916, "Pat" Warren went into the southern Illinois field and then in 1918 became Cook county special agent. In 1920 he went with Milwaukee Mechanics as Cook county manager and his connection with Associated Agencies dates from 1924 when that office was known as Klee, Rogers, Weil & Loeb.

Mr. Warren served as president of Chicago Board in 1947 and 1948. Previously he was president of Chicago Insurance Agents Assn., and he is also a past president of Cook County Field Club. He is returning in June to Williams College for his 45th class reunion.

DEATHS

ALBERT J. KUNNEN, 64, auditor of THE NATIONAL UNDERWRITER Co., died suddenly of a heart attack at his home at Cincinnati last week. He had suffered a breakdown four years ago, following which his duties were lightened, but he returned to full time work and was apparently in good health at the time of his death. Before joining The National Underwriter Co. in 1936, Mr. Kunnen had been with National Lead Co. in Cincinnati for many years. He is survived by Mrs. Kunnen and four sons.



A. J. Kunnen

MERLIN C. ALESHIRE of the prominent metropolitan supervising agency of Chicago, Parker, Aleshire & Co., died at Ochsner Foundation hospital at New Orleans, where he had been under observation and treatment for about a month for a heart condition. He had gone there because he was a personal friend of Dr. Ochsner. Although his health had been uncertain for the past several months, his death was unexpected. He would have been 63 years of age in July.

Mr. Aleshire was born at Buchanan, Mich., and graduated at University of Illinois in 1911. Then for a number of

years he was engaged in the construction business and in 1925 went with his father, Oscar E. Aleshire in the agency business at Chicago, the elder Mr. Aleshire having just bought out his partner. Later, Donald Aleshire, a younger brother who survives, went with the agency. Merlin Aleshire had been very active for a number of years on the patrol committee of the Chicago Board.

Oscar Aleshire, who is robust despite his more than 90 years, went from Helena, Mont., with his daughter, Mrs. Mary Klein, to Chicago for the funeral services and he returned to Helena this week.

REX J. BURLINGAME, veteran independent adjuster at New York City, died Friday at the age of 71. Funeral services were held Monday. His brother, J. Homer Burlingame, who is assistant manager of Western Adjustment at Chicago, had gone to New York to see about having him taken to a hospital but he had died before Homer Burlingame arrived. He had kept active in the adjusting business until just recently.

Mr. Burlingame started in 1902 with the Chicago office of the New York brokerage firm of Hall & Henshaw and then went with Western Adjustment. He served at Cincinnati for the latter organization under E. T. Bawden and on the death of the latter became the Cincinnati manager. Incidentally it was in 1913 that Homer Burlingame went with Western at Cincinnati and he eventually became the Cincinnati manager.

Rex Burlingame in 1916 went to New York to enter the independent adjusting field. At one time he was with Joseph Windle and later there was the firm of Burlingame & Hazard. In recent years he had operated by himself.

B. FRANK HOPKINS, 72, pioneer Los Angeles agent and a civic leader, died there. He had lived at Los Angeles 65 years.

GEORGE W. BROOKS, 89, founder in 1905 of California Ins. Co., which later was purchased by Commercial Union, died at Oakland, Cal. The California, with heavy liabilities in its home city at the time of the earthquake and fire in 1906, became widely known for its immediate public announcement, "Every claim will be paid in full," which set a pattern for other companies. To do this, the directors, at the suggestion of the then president, the late M. A. Newell, assessed the stockholders 100% on three occasions. From inception of the company Mr. Brooks was secretary with managerial responsibilities. He continued in that capacity for many years and when the company was bought by Commercial Union, after negotiations in which Mr. Brooks took a leading part, he became its president and the group became known throughout the Pacific Coast as the California-Commercial Union group. He retired from active service in 1931, but continued as a director of California.

ROBERT W. SNYDER, Sr., 64, president of Snyder Brothers general agency, Louisville, died at New York. He was the last of the five Snyder brothers, who were very active in insurance for many years. Before establishing the general agency they were all Kentucky field men. The other brothers were Frank, George, Claude and Goff.

Mr. Snyder became ill on a steamship while returning from a six weeks' business and pleasure trip to Europe, accompanied by Mrs. Snyder. Mrs. Snyder is a sister of the late Frank Brown, founder of the Brown & Martin agency, which is now owned by Robert W. Snyder, Jr., it having been willed by Frank Brown to his sister and nephew.

R. W. Snyder started in 1903 as an office boy with the old Kentucky Actuarial Bureau, and eventually became assistant manager. Later he became state agent in Kentucky and Tennessee for Hanover. After service in the first world war he became special agent of Caledonian and joined his brothers in forming the general agency in 1922. He served as secretary of Kentucky Board of Fire Underwriters and president of Kentucky Fire Prevention Assn. and was a life member of Fire Underwriters Assn. of the Northwest.

GEORGE M. HOUSE, head oil inspector at Tulsa for Oklahoma Inspection Bureau, was killed and his wife was seriously injured in a head-on auto collision near Lebanon, Mo. Their seven month old child who was in the car was uninjured. Mr. House was 27 years of age. He was a scholarship student and graduated in fire protection engineering at Illinois Institute of Technology in 1949. His schooling was completed after returning from service in the war with the air force in England. He had been with Oklahoma Inspection Bureau since 1947. For two years while he was attending I. I. T. he worked at the Western Actuarial Bureau.

W. LEO FRIEDMAN, field man for Detroit and eastern Michigan for Underwriters Service Assn., died of a heart attack in a hotel room at Battle Creek. His age was 57. He has been with Underwriters Service 26 years and prior to that was with Tennessee Inspection Bureau at Nashville.

JOHN WARREN COFFIN, who had been a broker with the Moore, Case, Lyman & Hubbard agency of Chicago for 20 years, died at his home at Winnetka, Ill., at the age of 46. His health had been impaired for the past several years, but he had kept active under handicap until the end. He attended University of Michigan and then was with the old western department of Royal as an examiner and then in field work, before becoming a broker. He was vice-president of Western Golf Assn. His brother, Frank Coffin, is a partner of Moore, Case, and their father, Frederick Y. Coffin, who died in 1950, had been a veteran partner in the organization.

MISS JESSIE WOMACK, 66, San Antonio local agent, died there. A resident of San Antonio 40 years, she was first with the Pawkett Torrey agency as office manager and 26 years had had her own agency.

NEAL C. ROWLAND, 84, retired special agent of Massachusetts F. & M., died at Rochester, N. Y. He went to Rochester in 1911 and retired several years ago.

JAMES C. DAVIS, 59, local agent at Danville, Va., died suddenly following a heart attack. He had lived there 25 years.

PAUL M. SEYDEWITZ, 64, secretary of the C. F. Hibbard Co., Milwaukee agency, died at his home of a heart attack.

GEORGE H. WARNER, 65, reserve sales manager for Hardware Mutuals of Stevens Point, Wis., and with the companies for 25 years, died after six weeks illness following an operation.

W. F. HILDEBRANDT, 48, with the Scheibe-Hildebrandt agency, Wrightstown, Wis., the last two years and previously with Lincoln National Life at Delavan, Wis., died.

GLENN H. FULLER, local agent at Lakewood, O., died.

WILLIAM G. SMITH, 59, manager of the insurance department of Wabash Valley Trust Co., Peru, Ind., from 1933 to 1946, when he retired because of ill health, died after six years' illness of paralysis.

CLARENCE M. CULBERTSON, 62, an agent of the State Farm companies at Wichita for some years, died there.

Commissioner Navarre of Michigan discussed the functions of the department and its services to insurance buyers at a meeting of Insurance Buyers Assn. of Detroit.

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Auto Liability Rates Must Reflect More Current Claim Cost

J. M. Cahill Reviews Bases for Proposed 1952 Rate Revision Program

The proposed 1952 automobile liability insurance rate revision program recognizes that adequate rates cannot be developed solely on the basis of claim cost experience dating back several years, when prices were substantially lower, and therefore must reflect the more current cost of settling claims, James M. Cahill, secretary of National Bureau of Casualty Underwriters, declared in addressing American Assn. of Managing General Agents at its annual meeting at White Sulphur Springs. Mr. Cahill said the forthcoming revision will include territorial adjustments, in addition to revising statewide rate levels, so that the rates for individual territories will not get out of line.

He pointed out that, assuming annual revisions, the revised rates must be adequate to cover losses incurred on policies written over a 12-month period and written, on the average, six months after the effective date of the revision. Consequently, he said, the National Bureau is now trying to determine bodily injury rates for policies under which the average claim settlement date will be more than two years after the introduction of the new rates.

Seek Rates Adequate for Future

The proposed rate revision program recognizes that policy year experience must be projected beyond the current level of claim costs and frequencies to produce rates that will be adequate for the future, according to Mr. Cahill. The latest available policy year experience is that for policy year 1950 on a 12 months basis, and it is necessary, he said, to adjust that experience to reflect the conditions which will exist at the time losses are settled under the policies written at the new rates, which has conservatively been set at midpoint of 1953.

"The adjustment of the policy year indications is accomplished in two steps," Mr. Cahill stated. "First, statewide calendar year loss ratios separately for bodily injury and property damage are utilized to develop the policy year experience to the average claim cost and claim frequency level in 1951 for the state. Since it is difficult to predict future claim frequencies, the projection from 1951 to 1953 is based on the expected continued trend in average claim costs alone. This average claim cost factor to project from 1951 to 1953 is obtained for each individual state separately for bodily injury and property damage. Since the calendar year data are based on total limits experience, the developed percentage changes are reduced to reflect the effect of the recent increases made in excess limits changes."

Lag in Claim Cost Changes

Even should the inflationary spiral be checked or reversed in the coming year, a development that seems most unlikely, it would not immediately affect the upward trend in loss costs, Mr. Cahill said, pointing out that this is particularly true in the case of bodily injury claims. It takes people quite a while to adjust their sights, he explained, and consequently

(CONTINUED ON PAGE 27)

CARLSON SOUNDS WARNING

State Regulation Trend Is to Bureaucratic Control

Thomas O. Carlson, actuary of National Bureau of Casualty Underwriters, in his presidential address at the mid-year meeting of Casualty Actuarial Society at Stockbridge, Mass., warned that the time has come for both the insurance business and the supervisory officials to give careful consideration to the direction in which insurance regulation is moving.

The most amazing anomaly of our economic history is the meekness with which the American people are accepting the encroachment of bureaucratic controls that flirt dangerously with dictatorship over broad areas of business management, without apparent regard to the informed counsel of experience, Mr. Carlson said.

"Back in 1947, state supervisory officials spearheaded a movement toward the adoption of uniform accounting regulations, a movement with which none of us will quarrel in principle," Mr. Carlson stated. "In the initial discussion stage, members of the industry repeatedly made the point that the background of experience of individuals within the industry should be utilized from the outset, the more so since the impact of the regulations would be borne by the carriers and would affect the internal administration of the carriers markedly. Such tenders of cooperation were ignored and the industry was permitted to criticize only a finished product, with all the psychological and other difficulties normally attendant on such a procedure. A perfectionism in objective that could not have been possible for anyone experienced in company accounting and administrative problems led to the rejection of amendments that simple common sense cried out for."

Differentiation of Inspection Cost

He mentioned as one illustration the differentiation of inspection cost. The argument against it was twofold: (1) Inspection cost could not be differentiated by all carriers for all lines, and (2) each time an underwriter looks at an inspection report he performs inspection work which must be assigned to the inspection item if inspection is to be differentiated at all. "The only compromise then possible was the acceptance of a statement propagandizing the fact that the commissioners' uniform accounting committee was of the opinion that inspection costs could not be properly differentiated, thereby casting a stigma upon the production of information which was an indispensable adjunct to the rating of certain casualty lines."

Mr. Carlson pointed out that closer harmony has been established and that time has smoothed out many problems, but he emphasized the manner in which this development was forced upon the industry. "The fact remains that initially regulations relating to the internal administration of the companies and running counter to the recommendations of all individuals with experience in the field were imposed arbitrarily upon the companies," he stated. "And recent developments demonstrate the necessity of maintaining alertness in this respect." He cited further the proposal to include provision for unallocated claim expense in the rates as a percentage of losses rather than as a percentage of the final premium.

"The result to the insuring public is the same under either alternative," Mr. Carlson declared. "The proposal follows the principle developed and endorsed by the members of an all-industry committee. The separation between

unallocated claim expense and other elements of the premium dollar will be maintained equally under either alternative so that no case can be made to the effect that the carriers are attempting to pull the wool over anybody's eyes. Yet certain insurance departments in important states undertake to say that one of these paths to the answer must be used and that the other path cannot be used in the mechanical process of rate determination. This is not a case of state authorities regulating rates, but rather a case of state regulation usurping administrative functioning in the rate-making field. The implications of the action are alarming."

He said no one is questioning the good faith of the supervisory officials. "But somewhere along the line there is confusion in thinking, a blurring of perspective, a short-sightedness in their absorption with the many problems which present themselves continuously to every supervisory authority. All of us, both in the industry and in supervisory circles, have been so overwhelmed with the pressure of immediate problems in recent years that we have become immersed in them. It has been next to impossible to stand off so as to view them in perspective."

Bureaucratic Philosophy in Saddle

It is evident in the national scene, he said, that the philosophy of bureaucratic supremacy is currently in the saddle in this country and it is inevitable that state governmental authorities would be infected. The real tragedy, however, lies in the apathy of those affected by such developments. It is not as though they consented to or agreed with such interference in the administrative functioning of private enterprise.

"How many are there who realize the measurable cost of conciliation in the determination of rate levels, which is only a fraction of the total cost including the immeasurables? The carriers in ratemaking organizations have had manual rate levels for the automobile liability coverage effective in 1948, 1949 and 1950 that had been depressed 3% solely as a result of compromises or of unwarranted delays in action on filings, and the corresponding figure for 1951 was 2%. Most of the independent carriers follow the lead of the organized carriers in determining rate levels. If it be assumed that these percentages apply reasonably to the total writings of all carriers combined, the deficiency in the premium level arising out of this source alone in the development of the 1951 revisions amounts to more than \$30 million a year."

"Let me repeat that these remarks were not intended as an indictment of anyone. The industry must certainly share the blame, because the industry has not done the best possible job in emphasizing the facts and in presenting its case. Further, it must be admitted that much of the deficiency to which I have referred arises out of agreements of expediency. While such agreements may be immediately beneficial, they can easily deteriorate into a pattern that can be extremely costly to the carriers. There must be a limit somewhere to compromises based upon expediency."

Ed. L. Castleton, executive vice-president of Maryland Casualty, has been elected as a director of the company. Prior to his being elected executive vice-president five years ago, he was resident vice-president at Atlanta.

Statisticians Warn Against Blind Statistics

M. W. Powers Is New President of Midwestern Independent Statistical

Matthew W. Powers, vice-president of Great Central of Peoria, Ill., was elected president of Midwestern Independent Statistical Service at the convention at Chicago. He succeeds J. W. Gunn, who is president of Employers Mutual Casualty.

The new vice-presidents are F. W. Duboc, Western Casualty & Surety; LeRoy Simon, Mutual Service Casualty of St. Paul; E. A. Hayes, Central States Mutual of Mt. Pleasant, Ia.; and J. C. Bishop of Ohio Farmers Indemnity. Treasurer is C. McGuffin of Michigan Mutual Auto and secretary, J. E. Faust of State Auto of Indianapolis.

Mr. Powers graduated at Northwestern university in 1926 and then for seven years was in the actuarial department of the old Peoria Life. Then for eight years he was an examiner with the Illinois department and after 3½ years of army service, he went with Great Central. He has been with that company six years.

Dirksen Extends Greetings

Mr. Gunn presided at the sessions. Greetings were extended by E. J. Dirksen, assistant insurance director of Illinois. He said it is well understood at the Illinois department that judgment has to be taken prominently into consideration in arriving at rates, along with statistics. He said the problems of insurance rate regulation are illusive and he would far rather undertake to regulate rates of utilities or products of factories. There would be far fewer variables involved. He said that the lethargy and indifference of the public to the automobile accident problem is shocking. He suggested that perhaps some type of merit rating would help reduce automobile accidents and if that is a possibility, then it would be worth a trial even though there might be technical faults involved.

F. W. Duboc, vice-president of Western Casualty & Surety, gave a paper "Utilizing Statistics for Management Purposes." He spoke mainly of loss statistics. Statistics have to be handled with the utmost intelligence, he said. Too many statistics and those covering too short a period of time can be confusing or even misleading. A day-to-day or even week-to-week experience cannot possibly be a reliable guide as to a company's actual underwriting results. Then, too, there is the possibility that too many figures to study will make one a slave to the pure arithmetic of the experience and obscure the real truth.

Daily Fluctuations Studied

He said in one large company every morning there is laid on the desk of the president a report of the fluctuations of the loss reserves during the preceding day. While it is vital to keep a weather eye on the loss reserves, there is no possible benefit to be gained by such close scrutiny. Fluctuations over a short period are so erratic as to have little, if any, significance. Due to the fact that the slate is wiped clean on

(CONTINUED ON PAGE 26)

First Quarter Auto Results Are Shocking

Ratios Worsen and with Premiums Greater, Deficit More Frightening

The New York Times this week carried a story stating that nation-wide automobile bodily injury and property damage liability rates are due to rise about 20% and that in Manhattan, Bronx and Brooklyn the increase will be close to 30%. (The 20% is a national average, and is not blanket—the variation in rate filings will be quite varied, territory to territory, country over.)

The first Times article (of two) points out that in the high rated districts of greater New York, the premium for an automobile belonging to a family in which there is a driver under 25 will go to \$260 for basic coverage. Filings in New York, according to the article, will be made next month, and in connection with them, insurers are expected to ask the New York department for approval of higher excess. The excess limits increases above basic limits have been under discussion with the department for some time, and are: 10/20, increased from 15% to 20% of 5/10 rates; 20/40, from 24% to 33%; 25/50, from 27% to 36%; 50/100, from 32% to 45%, and 100/300, from 37% to 54%. (It is also understood that the filing by National Bureau of Casualty Underwriters will be based on a 5%

allowance for profit and contingencies.)

The Times article states that less than 1% of auto liability coverage in the metropolitan area is for basic coverage; 44% of policyholders carry 20/40, the remainder 100/300. The article presents the premiums for 5/10/5 for several New York cities and other cities across the country. The New York City premium, for the high rated boroughs, is \$115, average B.I. claim \$601, B.I. claims per 100 insured cars 7.4, average cost of P.D.L. claims \$89, and P.D. frequency 16.3. In Newark these figures are \$64; \$421, 5.1, \$81, 17.0; St. Louis, \$54, \$590, 3.8, \$79 and 12.8; Detroit, \$36, \$481, 2.0, \$71, and 13.4; Los Angeles, \$35, \$608, 2.2, \$74, and 11.9, and Omaha, \$32.50, \$466, 2.1, \$62 and 12.5.

It is now pretty definite that Superintendent Bohlinger of New York will call an informal conference of insurers and producers to discuss the market for automobile insurance in the metropolitan New York area, probably before mid-June.

The producers' organizations have been questioning members to find out what market troubles specifically they are having, and there have been questionnaires sent to companies. Greater New York Insurance Brokers' Assn. has sent out 26,000 questionnaires to brokers to determine how severely the market for auto insurance has been curtailed, how many brokers have lost automobile insurance outlets, to what extent outlets have been reduced in volume, etc.

First Quarter Results Shocking

Results in the first quarter, on an incurred basis, for half a dozen of the leading stock writers of automobile B.I. and P.D.L., show that all are substantially worse off than they were in the first quarter of 1951. Ratios are worse; premiums are substantially up, consequently the dollar loss is appreciably more staggering.

An incurred loss ratio of 53 is regarded as the breaking point on the average for stock insurers on the B.I.

and P.D.L. lines. Yet one company had B.I. and P.D.L. incurred ratios for the first three months of around 70; another had 62 and 72; a third large writer had 66 and 74; another 68 and 71, while still another had 57 and 69. These companies represent about \$225 million of B.I. and P.D.L. premiums, earned.

An interesting jury verdict is reported from Kentucky, where, in Winchester county, Sterling Everman and four others sued Thomas G. Price as a result of a collision between two automobiles. The issue as to which car was on the wrong side of the road when the head-on collision occurred was never clearly settled.

The jury brought in a total verdict of \$192,295, divided in various amounts among the plaintiffs. However, one plaintiff asked \$75,382, but the jury brought in a verdict of \$118,000. The court sent the jury back to get its arithmetic straightened out. The total verdict was one of the largest in Kentucky.

The second Times article suggests that under pressure of Governor Dewey and Superintendent Bohlinger of New York the casualty companies may adopt some form of surcharge program in response to demands for a merit rating plan. It also suggests that insurers are considering the broadening of the present classification system so that a motorist may find a more proper premium niche.

Political Ax Falls on A. P. White in La., McMeel Named, Kirchem's Seat Is Uneasy

With the assumption in office of Kennon as governor of Louisiana the ax fell in the insurance department. First head to roll was that of A. P. White, who has been chairman of the Louisiana casualty rating commission at \$10,000 per year. He is replaced by Joe F. McMeel, who has been with General Adjustment Bureau at Shreveport. Mr. White, it is understood, is joining his brother in active operation of an agency at Bogalusa.

It is understood that William Kirchem occupies an uneasy post as chairman of the fire insurance commission under Governor Kennon, but that Ben Franklin, who is head of the inland marine commission, may stay on.

Offer Nurses Cut-Rate Cover

Washington State Nurses' Assn., in cooperation with Public Employee's Mutual Casualty of Seattle, is offering members of the organization a "special economy automobile insurance policy."

The folder sent to all members of the association states that the policy "can save you up to 25% of standard stock company rates." It is emphasized that there are no salesmen's commissions, no stockholders' dividends and "no high paid officials." "Public Employee's Mutual Casualty of Seattle," the folder states, "is a non-profit service institution to provide standard-policy insurance to select risks at cost."

Washington Assn. of Insurance Agents, which has filed a complaint with the insurance commissioner on a similar program offered to Washington Education Assn. by Public Employee's Mutual, has asked the department to investigate this offer to nurses.

Kemper Advisers Named

Five new members have been added to the advisory board of Lumbermen's Mutual Casualty, they being Willis H. Booth, director International Business Machines Corp.; M. C. Eaton, president Norwich Pharmacal Co.; H. A. Eggers, president Continental Can Co.; John Goodridge, president Illinois Brick Co., and A. N. Williams, president U. S. National Bank of Denver.

P. A. Weinman and W. P. Moore have been elected 2d vice-presidents of Lumbermen's and of American Motorists; H. A. Lansman and T. I. Osborn, Jr., 3d vice-presidents, and R. J. Elliott, assistant secretary.

H. & A. Conference Holding Annual Meeting at Denver

Notable Program Offered, Much Interest Manifested at All Sessions

By JOHN C. BURRIDGE

DENVER—The annual meeting here of Health & Accident Underwriters Conference was especially well attended and great interest was manifested at all of the sessions.

R. R. Neal, North American Accident, who has been chairman of the executive committee, was scheduled to be advanced to the presidency at the concluding session Thursday.

The program was of exceptional quality, the speakers for the most part handling their subjects on a broad basis reflecting the wide influence A. & H. insurance has attained in the economy and politics of the country. Of special interest were the talks of Commissioner Frank Sullivan of Kansas, president of National Assn. of Insurance Commissioners, and Harry Becker, formerly of the CIO, who is a member of Commission on Financing of Hospital Care. Ralph T. Heller, Prudential, chairman of Health Insurance Council, examined some problems of the health insurance business, and J. E. Hellgren, Lumbermen's Mutual Casualty, was candid in his review of the group lines.

Sullivan Suggests Changes

Commissioner Sullivan, who was the first program speaker, took the companies to task for their advertising and for some shortcomings of the field force, asserting that too much emphasis is put on volume and commissions and not enough on service. The public can be denied payments on a claim legally, he said, but it leaves a very bad impression. He suggested that perhaps level commissions might take the edge off the hunger for volume. The agents would not move so fast from one prospect to another without giving adequate information about the policy. Mr. Sullivan said he was dwelling on things causing many insurance departments to have two or three extra men on the staffs to handle A. & H. complaints.

Some answers to Mr. Sullivan's comments were given in the remarks of C. O. Pauley, conference managing director, who mentioned that the A. & H. business last year showed a 27% increase in premiums. It is difficult for the companies to find enough good personnel to process this volume, he said. There is the dilemma of the attack on the industry by some in the government, who want greater numbers of people covered, and who find it easy to offer free coverage. The only answer the business can give is to insure more people, he pointed out, thus convincing the public that the private companies can do the job.

Fewer Complaints Now, Pauley Says

The insurance departments aren't getting as many complaints as they did a few years ago, Mr. Pauley declared estimating that actually there is only about one complaint to every 4,000 or 5,000 policyholders. He told Mr. Sullivan that he never hears from those thousands who have a good opinion of the business.

On the score of how much money should be returned to the policyholders, replying to the criticism of Mr. Sullivan of loss ratios below 25%, Mr.

(CONTINUED ON PAGE 27)

A Dependable Market for Difficult Lines

As agents of Underwriters at Lloyd's, London, we are enabled to furnish immediate binders, and our daily cable service expedites the placing of many unusual risks, such as the following:

Abstractors Liability
Accident and Sickness
Accountants Liability
Accounts Receivable
Automobile Liability and Property Damage
Aviation—Hull Liability and Accident
Boiler and Machinery
Bonds
Burglary
Chattel Mortgage Non-Recording
Collapse of Building
Contractors Equipment
Doctors Disability
Errors and Omissions
False Arrest
Fidelity Bonds
Film Producers Indemnity
Fire and Extended Coverage
(Excess or Surplus)
Fire Legal Liability
Fire, Theft and Collision
Furriers Stock
Hail Insurance
Hand Disablement
Illinois Liquor Liability

Inland Marine
Malpractice Liability
Mortality—Livestock, Zoo Animals
Motor Truck Cargo
Non-Appearance
Ocean Marine
Oil Drilling Equipment
Personal Property Floaters
Products Liability
Professional Entertainers
Public Liability and Property Damage
Rain Insurance
Reinsurance—Facultative, Treaty
Replacement or Depreciation
Retrospective Rating
Riot, Civil Commotion, Vandalism
River Craft
Salesman's Floater
Suicide Waiver Insurance
Twin Insurance
Warehousemen's Legal Liability
Water Damage
Workmen's Compensation
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Natl. Au
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New Am
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N. A. C
N. W. C
Ocean A
Ohio Cas
O. Farm
Old Colo
Pac. Em
Pac. Ind
Pac. Nat

Treasury List of Sureties for U. S. Bonds Issued

The Treasury Department has issued its latest list of companies that are qualified to furnish bonds to the U. S. government, together with the underwriting limitations of each company or the net limit on any one risk. This latter figure is 10% of the surplus to policyholders at Dec. 31, 1951.

Companies that are on the list this year and that were not on the list a year ago include: Alliance Mutual Casualty of Kansas, American Credit Indemnity, Automobile, Capital Indemnity of Indianapolis, Citizens Casualty, Federal, Hanover, Industrial Indemnity, Pacific National, Providence Washington, Queen, St. Paul F. & M., Swiss Reinsurance, Vigilant.

*Acc. & Cas.	262,000
Aetna Cas.	5,461,000
Aetna Fire	4,206,000
Alliance Mut. Cas.	64,000
Amer. Auto	2,227,000
Amer. Bond	284,000
Amer. Cas.	758,000
Amer. Cr. Ind.	1,005,000
Amer. Empl.	1,046,000
Amer. Fid.	147,000
Amer. Gen.	612,000
Amer. Guar.	238,000
Amer. Ind.	291,000
Amer. Motor	400,000
Am. Mut. Liab.	2,074,000
Amer. Re.	1,693,000
Amer. States	389,000
Amer. Surety	2,047,000
Anchor Cas.	279,000
Assoc. Ind.	834,000
Automobile	2,856,000
Auto-Owners	697,000
Boston	2,617,000
Buckeye Un.	395,000
Camden Fire	1,166,000
Capitol Ind.	51,000
*Car & Gen.	163,000
Carolina Cas.	60,000
Cent. Surety	564,000
Cent. Ind.	751,000
Citizens Cas.	119,000
Columb. Cas.	572,000
Commercial	956,000
Comm. Std.	231,000
Conn. Fire	2,527,000
Cont. Cas.	3,379,000
Conn. Indem.	492,000
Empl. Cas.	445,000
Empl. Fire	655,000
*Empl. Liab.	2,004,000
Empl. Mut., Ia.	546,000
Empl. Mut., Wis.	2,034,000
Empl. Re.	710,000
Eureka Cas.	165,000
Excess	220,000
Farm. Elv. Mut.	42,000
Federal	3,131,000
Fid. & Cas.	5,665,000
Fid. & Dep.	2,651,000
Fire Assn.	2,374,000
Firm's Fnd. Ind.	1,589,000
Founders	197,000
Frnkln. Nat'l	481,000
Gen. Cas. Wash.	933,000
Gen. Seattle	3,168,000
Gen. Re. N. Y.	2,442,000
Gln. Falls Ind.	1,097,000
Gln. Falls	2,631,000
Globe Indem.	2,440,000
Granite St.	389,000
Grt. Am. Ind.	1,555,000
*Guar. of N. A.	162,000
Hanover Fire	1,314,000
Hartford Acc.	6,823,000
Hawkeye-Sec.	179,000
Home	15,518,000
Home Ind.	1,678,000
Houston F. & C.	313,000
Ind. of N. A.	4,553,000
Indus. Ind.	433,000
*Ins. Co. of N. A.	23,296,000
Intl. Fid.	198,000
Kan. Bk. Surety	67,000
K. C. F. & M.	209,000
Liberty Mut.	4,277,000
*Lond. Guar.	923,000
Lond. & Lanc.	333,000
Lumb. Mut. Cas.	1,650,000
Maine Bond	88,000
Mfrs. Cas.	587,000
Md. Cas.	3,229,000
Mass. Bond	1,438,000
Mech. & Trad.	559,000
Merch. Ind.	610,000
Metrop. Cas.	839,000
Natl. Auto	202,000
Natl. Cas.	550,000
Natl. Fire	3,682,000
Natl. Grange Mut.	406,000
Natl. Surety	2,463,000
Natl. Un. Ind.	193,000
Newark	836,000
New Am. Cas.	2,054,000
New Eng.	725,000
New Hamp. Fire	1,467,000
N. A. C. & S. Re.	1,191,000
N. W. Cas.	470,000
*Ocean Acc.	771,000
Ohio Cas.	1,000,000
O. Farm. Ind.	263,000
Old Colony	1,077,000
Pac. Empl.	385,000
Pac. Ind.	1,109,000
Pac. Nat'l Fire	890,000

Peerless Cas.	406,000	Transit Cas.	163,000
Phoenix, Conn.	7,120,000	Transportn.	253,000
Phoenix Ind.	515,000	Trav. Ind.	3,500,000
Prov. Wash. Ind.	336,000	Trinity Univ.	560,000
Queen	2,216,000	Tri-State	101,000
Reliance	517,000	United Natl. Ind.	393,000
Royal Ind.	2,618,000	United Pac.	449,000
St. Paul F. & M.	5,974,000	U. S. Cas.	813,000
St. Paul-Merc.	1,106,000	U. S. Guar.	2,360,000
Sec., Conn.	922,000	U. S. F. & G.	7,164,000
Seab. Sur.	887,000	Va. Surety	88,000
Springfld. F. & M.	3,419,000	Vigilant	501,000
Std. Acc.	2,131,000	West Am.	147,000
Std., N. Y.	653,000	West. C. & S.	486,000
Summit F. & S.	41,000	West. Natl.	506,000
*Swiss Re.	1,678,000	West. Surety	202,000
Texas Ind.	68,000	World F. & M.	545,000
Trad. & Gen.	207,000	York Ind.	169,000
Transcont.	474,000		

*Approved for reinsurance only.

Adopt Assigned Risk Plan Change on the Military

The advisory committee on the automobile assigned risk plans has approved a change in the rules, in connection with military personnel. Previously the plans did not apply to non-residents. The plans will still maintain the non-residential rule, but make an exception of military personnel, who can now apply for assignment from the military base, rather than from the state of auto registration.

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Mail Order Insurer Group Holds Annual Convention

Jerome Kutak of Guarantee Reserve of Hammond, Ind., was elected president of Assn. of Insurance Advertisers at the annual convention at Chicago. This is the organization of insurers in the A. & H. and life fields that operate almost exclusively on the mail order basis. The new vice-president is Joseph J. McGee, Jr., of Old American of Kansas City; treasurer is Chester Nelson of Western Mutual Casualty of Rapid City, S. D., and secretary is Charles Rowan, Milwaukee attorney.

Besides the officers, the directors include John Kane of North American Mutual of Wilmington, Del.; Robert Nauert of Pioneer Life of Rockford, Ill.; Michael O'Sullivan of American Farmers of Phoenix, and John Walker of Postal Life & Casualty of Kansas City.

The group had business sessions throughout the day and then there was a banquet that was addressed by Roy C. Frank, solicitor general of the Post Office department and J. W. Milspaugh of the rules administrative division of federal trade commission.

Mr. Kutak at the banquet said that A.I.A. was founded for defensive purposes but is now rendering a distinct service to a great industry.

Wendell Berge of Washington, the general counsel, said the members can take great pride in what they have done. He said he has his heart in the enterprise. The notion of the association was conceived four years ago, he said, under certain pressures. Incidentally, Mr. Berge said, leaders in the association are trying to get a better label for the members than "mail order insurers." Many of these companies had fallen into loose advertising practices, but this did not reflect on the ethics or the business integrity of the individuals involved. It

was a matter of people engaged in this activity falling into an established pattern that appeared to be necessary if they were going to compete. There was a lot of bad publicity and the Post Office department was taking an interest in the matter.

Mr. Berge and leaders in the field, he said, felt that exercise of self-discipline would avoid trouble with the federal government and would help to elevate the reputation of the insurance men who were high-minded and were engaged in this activity. A code was adopted and penalties were established for non-compliance including expulsion from the association.

Those who were in the forefront here were in the middle. If the code was going to be effective those committed to it would have to sacrifice competitive advantages. On the other hand, if the code were simply a facade and was loose, the U. S. government would pounce on the companies.

Federal trade commission came into the picture and leaders in the effort to form an organization sought the cooperation of FTC. That agency was asked to promulgate trade practice rules and a set of rules was adopted. That was welcomed because non-members of A.I.A. were constituting unfair competition. This still hasn't been wiped out, he declared, but he expressed the belief that eventually FTC will stop the objectionable practices. The voluntary code of the association is the same as the code that has the FTC label.

After four years of operation, he declared, there has been no substantial difficulty between any members of A.I.A. and the U. S. government.

There are questions of jurisdiction to be worked out between federal agencies and the state insurance departments. He



Important factors at Insurance Buyers Clinic at Indiana university which was under the sponsorship of Indiana university and Indiana State Chamber of Commerce, and which was attended by about 40 buyers—Harry Wheeler of the Spann Co., Indianapolis, president of Indiana C.P.C.U.; John D. Phelan, vice-president of American States; J. Edward Hedges, insurance professor, Indiana University, and John K. Langum, professor of business administration and director of economic research, Indiana University.

said A.I.A. was successful in getting representation on the all-industry committee and attendance of the A.I.A. representatives at meetings of that committee, he declared, has discouraged ill-advised state legislation. It has also enabled A.I.A. to learn what the insurance commissioners are thinking about instead of learning about it first when some commissioner launches an attack. He expressed the hope that eventually there will be worked out relations with the states that are as good as those with the federal agencies.

He said that Mr. Frank, as chief legal adviser to the postmaster general, was directing proceedings that might have involved some of the companies, prior to the time that A.I.A. was organized. He said that a man in that position is subject to great pressures to provoke unwarranted prosecutions and also to discourage prosecutions that appear to have merit.

Mr. Frank, in his talk, said that four years ago it never occurred to him that he would be attending a banquet of mail order insurance companies. He said that he could claim credit for having originated the idea of the organization. He said that Charles Rowan had been in his office representing one of the companies that was in trouble. After they had finished their conference, they walked out together toward the elevator and Mr. Frank said to Mr. Rowan: "Why don't you form an association, draw up a code and we will cooperate?" That, he said, is how it got started. It was the mutual understanding of the Post Office department and this association that made the successful outcome possible, he said.

He said he told Joseph J. McGee, Sr., of the Thomas McGee & Sons agency of Kansas City, with which Old American has close ties, "I don't want to hear of a mail order insurance company in connection with fraud matters — and I haven't."

During the past 2½ years, the number of complaints received by the Post Office department against members of A.I.A. has been relatively few, he said. Without telling the exact number, he listed the type of complaint that had been received. Most numerous were under the heading "failure of company

to pay claims." Next came, "failure to make proper settlement of claims." Other types were: Policy not as represented; failure to receive refunds; failure to make refund of premium; failure to reply to correspondence; failure to properly enter premium payments in records; reinstatement notices of payment; failure to acknowledge receipt of premium; failure to furnish policies, and questions of right of company to cancel policy."

Fraud Complaints Lacking

There has not been, however, he emphasized, a single complaint on an alleged fraudulent practice. This, he said, means that the member companies have been careful in preparing their sales literature and have been getting good advice from Mr. Berge and Alvis Lane, who is with Mr. Berge's law firm and who was on hand for the meeting. He said he has enjoyed working with Mr. Berge and Mr. Lane. He said they have done "a wonderful job for you" and "I can't speak too highly of them."

"I recommend that you follow their advice and avoid any practice that is misleading. As long as you keep on as you have been, you have nothing to fear from the Post Office department. We are not going to harass anyone or try to put anyone out of business if they cooperate."

Mr. Berge, in introducing Mr. Milspaugh, said that when the moratorium under public law 15 expired, a new field of regulation opened up to FTC and the mail order insurance people "pitched" to FTC its first problem on insurance regulation. He said he found a cooperative attitude at FTC, and A.I.A. and FTC were pioneering. Mr. Milspaugh in his talk walked on tiptoe, so to speak. He spoke for some time in general about FTC and how it operates, etc., but he apparently was being very careful not to get specific on insurance matters. About all he said in this connection was that he has been administering the insurance matters and that this work has been most interesting to him. He said the relationship with the A.I.A. has been amicable and the voluntary compliance that they have practiced has been "splendid and could well be followed by other organizations."

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Auto Accidents Cost Insurers \$111 Per \$100 Earned Premium

Automobile accidents caused by insured motorists cost insurance companies an estimated \$111 for every \$100 of earned premiums for automobile liability insurance during 1951, William Leslie, general manager of National Bureau of Casualty Underwriters, states.

The estimated gap by which the earned premiums were insufficient to meet costs and expenses of claims incurred by insured motorists was based on actual underwriting data of 35 leading stock companies. This data showed that the claim costs and expenses amounted to about \$109 for every \$100 of earned premiums for bodily injury and about \$113 for every \$100 of earned premiums for property damage. For B. I. and P. D. combined, claim costs and expenses were estimated to average \$111 for every \$100 of premiums earned, he said.

Suffer Huge Losses

"This difference by which the costs and expenses of claims incurred by insured motorists exceeded the earned premiums explains why the stock companies last year suffered automobile liability insurance underwriting losses estimated at more than \$100 million," Mr. Leslie stated. "Furthermore, the underwriting losses last year contributed to raise to more than \$200 million the net underwriting losses sustained by these companies on automobile liability insurance during the years 1946 to 1951 inclusive.

"The insufficiency of premiums earned by the companies to meet the costs and expenses of claims incurred by insured cars also explains why automobile liability insurance rate revisions upward are necessary at this time. The most recent experience data indicates clearly the need for substantial rate increases throughout the United States generally. Rate revisions will vary from state to state, and from territory to territory within states, according to the automobile accident claim cost records run up by the drivers of insured cars garaged in the particular states and in the particular territories within the states. It is hoped that the rate revisions will produce sufficient premiums from insured motorists to meet the costs and expenses of their accident claims and allow a reasonable profit on insurance company operations."

D.C. Error Is Charged to Inadvertent Carelessness

WASHINGTON—Superintendent Jordan took under advisement the case of Continental Casualty, following a hearing on charges of having issued a policy to National Trucking Co. without countersignature, which policy contained provision contrary to the company's filing.

The charges were admitted by company representatives as having been due to unintentional carelessness which would have no advantage to the company.

Milton D. Korman, assistant D.C. corporation counsel, was impressed by the explanation as reasonable and the mistakes as due to inadvertence. Continental's counsel Hardesty introduced a letter from Col. Ellis, president of the trucking concern, referring to an article in THE NATIONAL UNDERWRITER indicating his firm was through with Continental. The letter indicated Ellis' company and Continental remain on good terms.

Continental's witnesses were John A. Henry, general counsel; Frank M. Roessing, Jr., vice-president, and Nelson T.

Offutt, of Nelson T. Offutt agency, Baltimore, which wrote the policy.

Regretting past error, witnesses testified about elaborate precautions to prevent mistakes. The company will file a brief before the case is finally disposed of.

An interested spectator at the hearing was Sam Sugar, who had called attention to alleged discrepancies in the Continental policy, also local representatives of that company and members of District of Columbia Assn. of Insurance Agents.

Blanket W. C. Policy Sought

LANSING, MICH. — The Michigan legislature, reconvening after a succession of recesses, received a bill to permit writing of a blanket workmen's compensation policy covering employees of any employer "engaged in any project for construction of facilities for development and production of copper financed in whole or in part with a loan administered by Reconstruction Finance Corp. acting under provisions of the defense production act . . ." The measure was introduced by Sen. Leo Roy, Hancock agent and chairman of the senate insurance committee, and other Upper Peninsula senators. It was referred to the labor committee.

Speakers for Pa. Claim Men's Annual Meeting Announced N. J. Headquarters Are Transferred to East Orange

Nearly 200 claim adjusters from Pennsylvania are expected to attend the annual convention of Pennsylvania Claim Men's Assn. at Bedford June 13-14. A. J. Killand, Zurich, Pittsburgh, is president.

Dr. Floyd Bragdon, brain surgeon at Pittsburgh's Mercy Hospital, will discuss latest developments in neurosurgery. Peter Conway, superintendent of claims for Eureka Casualty, will speak on "Plight of the Claim Man."

Other convention speakers will include Lee McCandless, Butler attorney; Maj. E. J. Henry of the state police and Judge J. Colvin Wright of common pleas court at Bedford. Toastmaster will be Owen Hunt of Philadelphia, former Pennsylvania commissioner.

H. G. Krentler to G. A. B.

H. G. Krentler, an experienced casualty adjuster, has joined General Adjustment Bureau at San Bernardino, Cal. Most recently he has been with Swett & Crawford at Los Angeles and before that for 16 years he was in the middle western field with Illinois National Casualty, Wolverine, Western Adjustment, and was also an independent adjuster.

A new office building housing the New Jersey branch of American Casualty opened at East Orange. Ceremonies were attended by New Jersey agents, officers and East Orange city officials. Harold G. Evans, president, headed the group from the home office, accompanied by Harry O. Eckert, vice-president and director of agencies. Andrew Nelson, resident vice-president, was host.

The office is at Park avenue and Washington street and was converted from the former Whelan estate, a commodious building which was constructed for the drug chain official some years ago. The three-story and basement building was completely remodeled into spacious offices. Architectural design of the structure is Georgian.

Ore. Motorists 80% Insured

William Healy, assistant secretary of state, has estimated that 85% of Oregon motorists carry some form of auto B.I. and P.D. insurance. He said about 80% of the car owners secure their insurance through regular home channels and the remaining 5% are covered through the Oregon automobile assigned risk plan.

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Bank Failures Due to Embezzlements on the Increase

In the early days of Federal Deposit Insurance Corp., attention was focused on the perverse operation of the economic system, the defective capital and asset structure of banks, and the behavior of depositors under pressure of panic conditions. H. Earl Cook, director of F.D.I.C., told the annual convention of Independent Bankers Assn. at Minneapolis.

Almost nothing was said in the early days of the infidelity of employees as a cause of bank failure. The magnitude of this error in expectation is shown by a simple statistic. From the beginning of federal deposit insurance to the end of 1951, 106 insured banks closed their doors because of defalcation. These closings due to employee infidelity comprise more than a fourth of all collapses of insured banks since 1934.

Even more disquieting, he said, is the accelerating importance of this source of bank difficulty. During the nine years ended with 1951, 21 of the 27 banks which required the financial assistance of F.D.I.C. were forced into difficulties directly because of defalcations, and subsequent examination revealed defalcations in some of the others. Banks, like other business groups, have suffered from the moral laxity which has afflicted the national life and is the subject of such widespread concern.

The rise of defalcations as the greatest single cause of bank failure has grave implications for deposit insurance, Mr. Cook said. It has required the diversion of resources which were intended for other purposes. It has revealed the inadequacy of resources which banks themselves had provided against such loss. The 106 cases involved defalcations

ONE ACCIDENT 10% SURCHARGE; TWO, 20%

Demerit Auto Rating Plan May Get N.Y. Trial

National Bureau of Casualty Underwriters met Tuesday in New York with representatives of brokers groups and New York Assn. of Insurance Agents to discuss an auto insurance rating plan for the state that would reflect to some extent the experience of individual drivers. Both merit and demerit rating were explored, but the indication was that the bureau will try for a demerit plan similar to the one in effect in New York from 1938 to 1942. The difficulties of administering a merit plan are said to be vastly greater than those of a surcharge program.

The tentative proposal calls for a 10% surcharge in the rate for the individual who is involved in a bodily injury accident in 18 months, 20% for the driver involved in two. The former plan had a maximum surcharge of 15%. Accident free drivers would get the manual rate.

The plan is tentative. National Bureau

will confer during the week with Mutual Insurance Rating Bureau to determine if the mutuals there will go along with the program. In New York the two bureaus file jointly with the insurance department. However, there is still another hurdle. Superintendent Bohlinger has asked for a merit rating plan and presumably the bureaus would not formally file the demerit plan if in an advance conference Mr. Bohlinger indicated he would not approve it. There are administrative problems with the demerit plan and neither insurers nor producers seem enthusiastic about it.

Presumably the demerit plan, if given the green light would be reflected in the filing for an auto B.I. and P.D.L. rate increase in the state, which is now in preparation and would modify it to some extent so that manual rates for accident free drivers would get less of a boost than would otherwise be asked.

of almost \$15 million—fidelity bonds held by the banks to protect themselves from this loss were less than \$3 million.

While it is fortunate the deposit insurance is flexible and in the case of defalcations doubly protects banks by insuring them against themselves, protection against defalcations is not a function of deposit insurance that merits cultivation.

Banks have their responsibility to protect themselves against loss from infidelity, he declared. They can do this by purchasing fidelity bonds, tightening internal controls, providing regular audits, and similar measures.

Texas Brass



Quartet of key figures at recent annual meeting of Texas Assn. of Insurance Agents. Standing: Travis D. Bailey of San Antonio, retiring president, and Drex G. Foreman, executive secretary of T.A.I.A.

Sitting: James L. Randel, Wichita Falls, new president, and Forest S. Pearson of Austin, vice-president.

Florida pointing out bad features of the bill. Later, he congratulated a number of members for voting against it.

"The administration struck from ambush in two bills—coming to the floors of the respective houses without hearings," Mr. Williamson commented to THE NATIONAL UNDERWRITER. One was the Doughton bill; the other proposed as an amendment by Senator McFarland, majority leader, to the House bill to exempt from taxation transfers of securities by insurance companies to secure performance of obligations.

"Both were repulsed," said Mr. Williamson, "and no hearings can help them—but only the country. Congress had waked up when it voted 'No' on the jerry-built attempt to add more future commitments."

C. G. Williams Retires, Curt Anderson Rockford Chief

Clifford G. Williams, superintendent of the Rockford branch of Illinois Inspection Bureau, is retiring from active service. He has been with the bureau since 1916 and was formerly superintendent of the office at Rock Island.

Mr. and Mrs. Williams were honored at a dinner party at Chicago attended by senior employees of the bureau and their wives.

The new superintendent of the Rockford office will be Curt Anderson, who has been with the bureau since 1934.

New Building Approved

Mutual Service Casualty, St. Paul, has received approval of national production authority for construction of a home office building in St. Paul to cost \$700,000.

Farmers Home Mutual of Minneapolis has been given approval for a \$55,000 addition to its present office building.

UN Studies Driver Licensing

Rudolph F. King, registrar of motor vehicles for Massachusetts, has been appointed by the secretary-general of United Nations to serve as a member of a committee of experts to study the problems relative to the licensing of motor vehicle drivers. Members are to be designated from Africa, Asia and the Far East, Europe, Middle East, North America, South America.

\$250,000 Judgment in Products Case Upheld

U. S. court of appeals, third circuit, has unanimously affirmed the product liability judgment of \$250,000 in favor of Bernard Kieffer and against Blue Seal Chemical Co. This is one of the largest product liability judgments in history.

Kieffer, a plumber, lost his sight and suffered painful disfiguring burns when a caustic compound manufactured by Blue Seal Chemical Co. boiled violently and splashed into his face while he was working with it. A jury and the federal district court at Newark last year returned the \$250,000 verdict.

Blue Seal Chemical Co. has \$100,000 product liability insurance covering this case.

Surety Sues Robber to Recover Bank Loot

Indemnity of North America has sued Willie (the Actor) Sutton, convicted bank robber, and two of his associates to recover \$63,942 it paid to the Sunnyside branch of Manufacturers Trust Co., which was robbed by the three in 1950. The suit was brought in New York supreme court.

Peerless Casualty Buys Control of United L. & A.

CONCORD, N. H.—Peerless Casualty of Keene has acquired a controlling majority of common stock of United Life & Accident. The home office of the company will remain here.

Dr. Shearon, Williamson Sounded Alarm on S.S. Bill

WASHINGTON—Dr. Marjorie Shearon, social security researcher, is given credit by insurance observers for knocking out the Doughton social security bill in the House. She is said to have discovered the bill's provision denounced as opening wedge for "socialized medicine," and alerted American Medical Assn. The latter's Chicago headquarters took up the battle with its Washington representative carrying the ball, via telegram.

W. Rulon Williamson, actuary and social security authority, wrote all Republican members of the House in opposition before the bill was called up on the floor, where it failed to pass by the two-thirds majority necessary under suspension of the rules. He also wrote Democratic members of the House from Virginia, South Carolina, Georgia and

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CHANGES IN CASUALTY FIELD

DesChamps Casualty Claims Head of Fireman's Fund

C. A. DesChamps has been appointed to fill the newly created post of indemnity claims counsel for Fireman's Fund with executive supervision over nationwide indemnity claims. Since 1948 he has been superintendent of the claims department at the head office of American Automobile.

Mr. DesChamps got his A.B. degree from The Citadel, and was graduated from New York University school of law in 1932, and was admitted to the New York bar. He also attended Institute de Touraine a Tours, France, and was instructor in languages at Bigham Military School, Bailey Military Institute and University of South Carolina.

Mr. DesChamps in 1932 became an adjuster with Aetna Casualty at New York. He later became supervisor of liability claims and then superintendent of the automobile division.

In 1938 he joined American Automobile

as assistant claims manager at New York. In 1945 he was named claims manager at Newark branch, and his next move was to the head office.

Mr. DesChamps served in uniform during the war and was released in 1945 with the rank of colonel. He was an instructor in insurance law at Washington University from 1949 to 1951. He is a member of the committee on casualty law of American Bar Assn.

Fred Perabo Am. Auto Claims Head

American Auto has acted on the request of Assistant Vice-president Roy H. Frobase to be relieved of his top claims executive post for personal reasons related chiefly to the burden of increasingly extensive traveling duties.

To assume executive administration direction of the claims operations, Fred W. Perabo has been elected vice-president. He has heretofore held the title of field superintendent of bodily injury claims.

Mr. Frobase, as assistant vice-presi-

dent and claims attorney, will continue as a member of the executive staff, and will devote his interests principally to the direction of the handling of the more substantial and involved claims.

Mr. Perabo received his law degree from Washington University in 1930. His insurance claims career began with Travelers in 1935. He joined American Auto at Dallas in 1946 as a senior claims adjuster. He was appointed claims manager at Houston in 1948, and was promoted to the head office staff in 1951. During the last war he served as a navy lieutenant.

Raymond Hulsey Leaves Texas Post

Raymond Hulsey has resigned as manager of Texas Automobile Insurance Service Office of Austin, effective June 30. He has been with the organization since 1937 and became the manager on the death of R. B. Cousins. T.A.I.S.O. is engaged in collecting figures, printing manuals and forms and making rate recommendations to the Texas board of insurance commissioners among other things. Mr. Hulsey for many years was head automobile underwriter at Dallas for the Loyalty group.



Raymond Hulsey

Meyler to Mutual Boiler Chicago Area Sales Post

Mutual Boiler & Machinery is promoting and transferring Walter T. Meyler from Detroit to Chicago as district sales manager covering the territory west of Ohio to the Rocky Mountains. Mutual Boiler has expanded with branch offices in most of the important manufacturing centers and more offices are to be established.

Mr. Meyler was with Hartford Steam Boiler for more than 20 years as special agent at Albany, and as manager at Detroit before going with Mutual Boiler.

Zurich Advances Booth

Zurich has promoted Kenneth W. Booth from district group representative at Pittsburgh to district group manager there.

Mr. Booth started with the company's group department in 1950 and served at Detroit before going to Pittsburgh last year.

Promotions by Travelers

Robert B. Farrel, field supervisor of fidelity and surety lines of Travelers at Bridgeport, has been appointed assistant manager at Washington, D. C. Gordon L. Ditz, field supervisor at Kansas City, has been named assistant manager at Wichita. John T. Camp, field supervisor at Newark, has been appointed in the same capacity at 80 John street, New York City.

Eight new field supervisors have been appointed. They are Roger R. Street, Nashville; Bryant Alford, Birmingham; William C. Macbeth, Washington, D. C.; Roger T. Wayland, Los Angeles; Arnold G. Leonard, Omaha; J. Frederick Gross, Cleveland; William D. Gustin, Syracuse, and Bruce O. Dotts, Jr., Indianapolis.

Threshermen's Mutual Changes

Mrs. Grace H. Lewis, secretary-treasurer and general manager of Threshermen's Mutual, Fond du Lac, Wis., and with the company since its organization in 1915, has resigned. She will continue as a director.

Edward T. O'Neill, general claims

attorney, will assume additional duties as secretary and general manager. William A. Sanders has been named treasurer.

Molitor Gets Higher Post with Continental Casualty

Harold O. Molitor has been promoted to sales manager of the special risks and aviation and travel accident division in the A. & H. department of Continental Casualty.

Mr. Molitor joined Continental Casualty as a production manager in the burglary department after several previous years in sales development work. He later was manager of the new inland marine department in 1943, production manager of the fidelity department in 1947, and production manager of multiple lines and retrospective rating of unusual risks in 1950.

Last year he was made manager of the inland marine, burglary, fidelity and miscellaneous casualty departments.

Cleveland Chairman and President of Bituminous

Bituminous Casualty and Bituminous F. & M. elected H. H. Cleveland, Jr., the president, as chairman of the boards as well. Mr. Cleveland succeeds the late C. A. Williams, who had served as chairman since 1946.

C. A. Williams, Jr., of Oskaloosa, Ia., was elected to fill his father's unexpired term as a director.

Robert L. Hubbard, manager of the claim department and D. M. Munn, actuary, have been elected as vice-presidents.

Five head office men have been elected assistant secretaries, they being E. C. Coyne, superintendent payroll audit department; C. F. Herbert, superintendent engineering department; T. E. Nordstrom, superintendent collection department, and H. B. Younggren, comptroller.

Scanlon to Muncie Agency

John P. Scanlon, Indiana manager of Ohio Casualty at Indianapolis, has joined the Kirkpatrick-Sursa agency at Muncie, Ind., as vice-president.

Robert G. Anderson replaces Mr. Scanlon as manager at Indianapolis. He has been with the Columbus, O., branch.

Don Smith of Ft. Collins, Colo., has been named by Western Surety of Des Moines as a field man in the Rocky Mountain territory.

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Hit Blind Arbitrament of Statistics

(CONTINUED FROM PAGE 10)

Dec. 31 every year and a new start is made on Jan. 1, early studies of the current year's business sometimes show high loss ratios. Usually these have a way of leveling off as the year progresses. Mr. Duboc said his company doesn't get excited if January or February, or even the first quarter seem to be unprofitable. That is merely a warning signal.

At Western C. & S. a monthly report is made that goes to underwriters and claim adjusters showing written premiums, paid losses and changes in the case-basis loss reserves during the preceding month and the amounts of the case-basis reserves as of the end of the month. This report is by major lines of business and shows separately direct business, reinsurance assumed, reinsurance ceded and company or office net. This gives a quick over-all picture of the underwriting income and outgo and fluctuations of the reserves. Quarterly there is another report on the same basis and this covers the totals for the year-to-date. Also quarterly there is a similar report showing earned premiums and incurred losses with ratios and comparisons with the corresponding period of the previous year. In order for the figures to be any good the loss cost estimates must be accurate.

Case-Estimate Development

Western C. & S. maintains an exhibit of the development of case-estimates and this is regarded as one of the most valuable records that there is. It is kept primarily as a check on the accuracy of the claim department's estimates. Each month a tabulation is made for each line of business of losses paid and changes in reserves during the month. The losses are grouped by the month when the claim was first reported to the home office. This eliminates dis-

tortion that would be caused by losses which had been incurred but which were not reported until a later date. These monthly results are posted to large sheets together with periodic cumulative totals. This shows development of the estimates of any month's claims and tells whether the original reserves were adequate or, if not, how old the claims are before the reserves become reasonably accurate. This development is carried by monthly reports for a period of two years, then by quarters for one year, and finally condensed by year of report until the claims are all closed.

The number of claims reported each month is shown. From this can be figured the average cost per claim, hence the effect of inflation or other conditions that affect claim costs can be traced.

Premiums earned during each quarter and year are shown and from these can be calculated the loss ratios based on the losses reported during the period when the premiums were earned. This eliminates distortions caused by settling older claims for more or less than the reserves. Loss frequency can be figured by dividing the earned premiums by the number of claims, but he said this becomes distorted whenever rates are changed. A better way is to divide units of exposure by number of claims but this information is not available from this exhibit.

The main value of the report is still the test of the adequacy of the claim department's estimates.

With the use of this report, the company, he said, has been able to train adjusters to a point where the total of the case-basis reserves is usually within 1 or 2% of the ultimate cost.

Psychologically, he opined, it is better to have the reserves a little too low. If there is a reserve of \$1,000 on a claim

and the adjuster gets an offer to settle for \$1,500 it will sound too high and he will try to get a better offer. But if he were carrying a \$2,000 reserve then an offer of \$1,500 might look good. Probably he would accept it. In the annual statements of Western C. & S., any inadequacy in case-basis reserve is made up by voluntary reserves.

Also Western C. & S. tabulates monthly written premiums and paid losses by agency and line and posts these to books where there is a sheet for each agent. On one side are the premiums produced by the agent by line by month for from one to three years back as well as yearly totals for three prior years. On the other side, losses paid are distributed in the same way and there is a place for the outstanding loss reserves to be posted twice a year. Copies of these are sent to field men.

Quarterly, a recap is made of the monthly figures and a third column is added to show the loss reserves as of the end of the quarter.

There is also available to the underwriter a list of paid losses by claim number for each agency and a corresponding list of current loss reserves.

The usual call of a statistical agency, he said, asks only for exposure premiums and losses. Western C. & S., he said, likes to add the figure on number of claims for its own use.

As soon as I.B.M. makes delivery on a multiplier Western C. & S. hopes to be able to tabulate experience of the various lines by class.

How to Handle Statistics

Statistics, he said, are valuable to management but they must cover a large enough volume and a long enough period of time to be credible; they must be accurate to be reliable; they must be up-to-date to reflect current conditions; they must be studied in the light of circumstances to get the truth and they must be tempered with judgment.

In answer to a question on the general level of report distribution within the company, Mr. Duboc said that the premium and loss figures are given to everybody. There is no secret on these. The development of claims estimate is used by top management. The latter doesn't want the claim department changing its method of estimating claims.

The question was asked as to what constitutes a claim count. Mr. Duboc said he wished that matter hadn't been brought up. He said that neither M.I.S.S. nor N.A.I.I. calls for number of claims; to them one accident is one claim. For instance, if there is an accident that eventuates in one property damage liability claim and three bodily injury claims, for M.I.S.S. purposes this is one P.D.L. claim and one B.I. claim; whereas for National Bureau of Casualty Underwriters, this would be one P.D.L. claim and three B.I. claims. There was a show of hands and it was shown that a far greater number of companies use the per accident count and only a few use the claimant count.

Policies in Force

There was a question asked as to how important it is to know how many policies a company has in force. Mr. Duboc said they don't know how many policies they have in force. Western C. & S. knows how many policies are written. This is arrived at by counting the daily reports and the number of policies written in the head office and then a count is made of the cancellations. This is used only for comparing the trend of sales.

A representative of American Motorists said they keep two sets of records, one shows the trend on average claimant and the other is the trend on average accidents.

There was asked for a show of hands on how many keep agency experience figures on a calendar year basis and how many on a policy year. It developed that about three times as many keep the figures on a calendar year as on a policy year.

S. Alexander Bell, in reporting as

manager said M.I.S.S. now has 111 members and 13 subscribers. Total premiums written country-wide of M.I.S.S. insurers for 1951 were \$829,380,822, and in the 15 M.I.S.S. states they wrote \$491,992,384. The automobile call which was made and tabulated, produced a volume of 1,388 pages and is the most comprehensive compilation of automobile experience ever published anywhere and is on the way to becoming the standard reference manual on this subject. He estimated that the private passenger vehicles tabulated in the 14 states in which the calls were made represents nearly 50% of the insured private passenger vehicles in these states. The total cost for the 1950 automobile call was \$38,164. The cost was .7 of one cent per \$100 of premium volume tabulated.

Statistics Alone Are Blind

Mr. Bell in a talk on statistical and judgment factors in automobile rate making argued that automobile rate making can never be a precise science.

All the scientific and mathematically precise calculations of past experience, he said, can serve only as a starting point for the application of intuition, acumen and judgment as to what is going to happen in the future. This judgment encompasses not only the automobile and traffic but the whole economy. There are also political implications that affect the hazards through legislation, law enforcement, etc. Also of course the competitive factor bulks very large in any decision that is made. In a routine period there may develop a stretch in which statistics of the past may be a fully adequate yardstick for the short-range future. At other times heavy reliance must be placed upon judgment and the competitive forces. Statistics nevertheless are just as important as is judgment and without statistics there can be no basis for the exercise of judgment. The better the statistics, the better the judgment.

Statistics should be complete and accurate. Ancient history is of very little value in current rate-making. Reliance on completed policy years only which takes the minimum of 24 months to develop is today wholly inadequate. Trend data must be made a part of the standard statistical structure and be given greater recognition.

Matthias Asks Change

Russell H. Matthias, Chicago attorney, urged simplification of the method for justifying rate filings. He said that rate-making procedures under the present all-industry laws are becoming increasingly more burdensome, and that the detailed statistical requirements oftentimes stifle the judgment factor in rate-making.

He urged legislative adoption of the California definitions of "excessive" and "inadequate" in order to remedy the present burdensome and unnecessary requirements. "Under such definitions detailed statistical supporting information is unnecessary to justify a rate filing," he asserted. "If competition exists for the particular type of insurance no rate can be declared excessive. Likewise, if the solvency of the company is not endangered by the use of the rate, or if the use of the rate will not have the effect of destroying competition, such rate cannot be declared inadequate. These factors are all that need be considered, other than the further factor of unfair discrimination which has not caused difficulty in its administrative application."

Mr. Matthias also decried the tendency toward control of profits of insurers by the suggested use of a so-called profit yardstick factor in the rating formula. "Why should government—an insurance department—dictate what the profit factor should be?" he queried. "The public is adequately protected against the greedy insurer by competitive forces, and against the financially unsound insurer by the requirement that rates shall not be inadequate so as to endanger the solvency

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ACCIDENT AND HEALTH

Consumer Credit Insurers' Speakers Are Announced

Dr. James S. Thomas, economist and former president of Clarkson College of Technology and Chrysler Institute of Engineering, will speak at the first convention of Consumer Credit Insurance Assn., May 30-June 1 at Hot Springs, Va., on "Consumer Credit and Broader Living."

Cecil Woods, president of the association and of Volunteer State Life, will give the keynote address tracing the history of the industry's growth, and Allen Dolliver, president of Security Bankers Management Corp. and Family Finance Corp., both of Wilmington, Del., will speak on the importance of consumer credit insurance to the national economy.

Other speakers are Dwight W. Hollenbeck, president Credit Life, Springfield, O.; Frank J. Scott, vice-chairman of Bankers Security Life, New York, which as Morris Plan Insurance Society was the first consumer credit insurer, and Arthur J. Cade, vice-president Old Republic Credit Life, Chicago.

Jordens Time's Group Chief

Walter E. Jordens has been promoted to group manager by Time of Milwaukee. For four years he has been home office supervisor for southern Wisconsin and Iowa. Time entered the group field in 1946 and expects to pass the \$1 million mark in group premiums in 1952.

United Makes Miss. Deal

United of Chicago has reinsured North American of Jackson, Miss., which was a weekly premium company with a debit of about \$12,000. It operated only in Mississippi. John G. Hand was president and R. E. J. Day, secretary.

United has become licensed in Mississippi and Tennessee.

McVicker to Transportation

Virgil McVicker, a former president of Wichita A. & H. Underwriters Assn. has been named district manager there of Transportation, an affiliate of Continental Casualty, and will concentrate on A. & H. He has been general agent of Washington National.

Bennett to LaSalle Casualty

W. A. Bennett has joined the Blue Star division of La Salle Casualty of

Chicago as chief underwriter. After army service he entered insurance work as underwriter for Federal Casualty of Milwaukee. He was chief underwriter for Combined of Chicago a little more than four years and after leaving that company he was for a short time manager of the A. & H. department of Pyramid Life of Kansas City, Kan.

Garrity to General Accident

John P. Garrity has been appointed supervisor of the A. & H. department of the mid-west office of General Accident in the Board of Trade building, Chicago.

Mr. Garrity first entered A. & H. work as group representative of Continental Casualty. He later joined Bankers Life & Casualty in the group division, following which he was in charge of the A. & H. department of the R. H. Gore Co., Chicago agency of North American Accident.

Mr. Garrity will supervise the entire A. & H. operation which includes commercial, group and franchise.

Trump St. Louis Speaker

Dr. Ross Trump, professor of marketing at Washington University, spoke on "Tremendous Trifles" at a luncheon meeting of the A. & H. Underwriters Assn. of St. Louis. He was in charge of the pilot disability insurance course conducted at Washington University in April. He formerly was with American College of Life Underwriters at Philadelphia.

Specific Diseases Plan

A new, broader form of specific disease expense policy is announced by O'Brien, Russell & Co. of Boston, New England managers for Saint Paul Mercury Indemnity. The policy is designed to insure all who qualify against cancer, leukemia, bacterial meningitis, encephalitis, scarlet fever and poliomyelitis. On an individual or family group basis, benefits range from \$1,000 to \$5,000.

The premium is for an individual policy and for a family policy. It can

also be issued for a three-year term at a cost of less than three times the annual.

Cahill Cites Need to Use Current Data

(CONTINUED FROM PAGE 10)

changes in average claim costs tend to lag behind the general price structure both when prices are rising and when they are falling.

Mr. Cahill characterized last year's estimated underwriting losses of about \$100 million on automobile liability insurance as "catastrophic." He cited the aggregate 1950 and 1951 loss ratios for the first 28 National Bureau member companies to report under the insurance expense exhibit as follows: Bodily injury, 1950, 58%, 1951, 65.1%; property damage, 1950, 54.8%, 1951, 68.3%.

"The percentage increase in loss ratios for 1951 over 1950 for these companies was 12.2% for bodily injury and 24.6% for property damage," Mr. Cahill stated.

Md. Cas. Chicago Move

All departments of the Chicago branch office of Maryland Casualty are being moved to the Jackson-Franklin building at 309 West Jackson boulevard this week and they will be ready for visitors next week. Vice-president Harry C. Michael will be present from the head office Monday for the opening. Maryland will occupy the entire 12th floor, which will give them 25% more space.

Van Gold Utah Head

Everett Van Gold of Occidental Life has been elected president of Utah A. & H. Club. Thomas J. Brimhall, Mutual Benefit H. & A. is vice-president; John R. Richards, Mutual Benefit H. & A., secretary, and Ray Ross, Chairman, Equitable Life & Casualty.

Kenneth Wood Saluted

A farewell tribute to Kenneth H. Wood, resident secretary in New York of U.S.F.&G., who will retire shortly featured the meeting of Surety Managers Assn. of New York.

Rogers to Lincoln Company

Edward J. Rogers, supervisor of the A. & H. department of United of Chicago, has joined Security Mutual Life of Lincoln, Neb., as manager of its newly established A. & H. department. Mr. Rogers was with United for 2½ years, and before that with Great Northern Life of Chicago for 17 years.

of the insurer," he concluded.

Directors are S. H. Glessner of Buckeye Union; C. Margraff, Motorists Mutual, R. H. Griffith, Farm Bureau Mutual of Ohio; A. V. Meier, South Dakota Mutual of Aberdeen; H. C. Ewert of Badger State Casualty; P. N. Snodgrass, General Casualty of Wisconsin; I. J. Maurer, Farmers Mutual of Wisconsin; E. M. O'Callaghan of Preferred Fire and Utilities; E. L. Brandt of Auto-Owners; Harold Moore of Wolverine; L. K. Power, Detroit Auto Inter-Insurance Exchange; LeRoy Simon, Mutual Service Casualty; H. H. Rhein, Missouri Automobile Club; Dan Dodson, Equity Mutual, R. L. Neenan, United Fire & Casualty of Iowa, M. J. Wilkinson, Employers Mutual Casualty; Samuel Evans, Allied Mutual Casualty; W. P. Cooling, Indiana Ins. Co.; V. M. Ray, Hoosier Casualty; W. C. Farmer, Standard Casualty of Lincoln; Hodge Jones, American Insurance Exchange of Omaha; J. F. Zimmer of Capitol Fire; C. E. Wilcox, American States; A. F. Koring, Suburban Casualty; L. A. Trunk, Western States Mutual, and N. C. Russell of Chicago Motor Club.

H. & A. Conference Holding Annual at Denver

(CONTINUED FROM PAGE 20)

Pauley commented that few veterans of the business are left who recall some of the bad days, as in the 1930s when many companies felt they were not in the A. & H. business, but were in the unemployment insurance business. It is necessary to keep the premiums and losses in a position to be ready for stormy times.

An appeal for maintenance of high ethical standards was made by Jarvis Farley, conference president, in his address at the opening session. He urged the company men to exhibit their confidence in the American economic system.

Cameron Gives Field Viewpoint

Talks the first afternoon were given by C. W. Cameron, southwestern division manager of North American Accident, on "How Do You Look to Your Field Force," Harry Becker and Ralph Heller. Mr. Becker described the make-up of the Hospital Finance Commission and said he expects it to develop a "road map" of problems in hospital financing that will provide the way for a start next year of a planned approach. Mr. Heller urged that the companies recognize that their business is only a small part of the national health problem, and that they must play a part with that in mind. There should be an approach to problems by all companies through the sort of clearing house that health insurance council might offer.

Wednesday morning the speakers were W. J. McGettigan, Security Life & Accident, on insuring impaired risks; J. E. Hellgren and A. N. Williams, president United States National Bank of Denver. In the afternoon, A. D. Marshall, General Electric Co.; Frank L. Harington, Massachusetts Protective; E. H. O'Connor, Insurance Economics Society, and Carl A. Ernst, North American Life & Casualty, St. Paul, president of International Assn. of A. & H. Underwriters, were the speakers. At the final session Thursday morning, E. J. Faulkner, Woodmen Accident, gave the address before the business meeting.

Early arrivals Sunday were treated to a cocktail party by members of Colorado Life Convention. Monday was given over to entertainment, concluding with a dinner at Cherry Hills Country Club.

B. & M. Expansion on Coast

The Fidelity & Casualty has expanded its boiler and machinery facilities in the Pacific northwest. Norman Brokaw has been appointed senior inspector in charge of the northwest boiler and machinery division, with headquarters at Portland, Ore. In addition, there are two inspectors at Portland and one at Seattle office.



J. P. Garrity

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Extend Minn. Anti-Coercion Measure to All Lending

ST. PAUL—A ruling designed to prevent coercion in the handling of insurance on any type of installment purchase has been issued by Commissioner Nelson of Minnesota. A ruling forbidding insurance coercion in the financing of automobiles was issued earlier this year. The new ruling extends the anti-coercion principle to all lending transactions.

Under the new ruling, it is unfair trade practice for any person or firm "to coerce the purchaser of insurance, or to require the purchase of insurance from a particular agent, agents, broker or company as a condition precedent to consummation of any personal or real property credit transaction."

According to Mr. Nelson, agents have continued to make inquiries to the department in connection with coercive practice. He said that "sometimes it is an instrument of the federal government operating as a savings and loan association; sometimes a local or regional mortgage company, and sometimes a local bank or extensive real estate operator dealing in mortgage loans."

View New Film at Wichita

Wichita Assn. of Insurance Agents previewed a new safety technicolor film, "In Court," produced by International Harvester Co. Lt. Bernard Clark and Sgt. Floyd of the Wichita police department handled the screening.

President Garnett Mason of Beezley, Outland & Foote announced that Wichita has a good chance of being host to the 1955 Midwest Territorial Conference, invitation having been extended to the directors of N.A.I.A. at the meeting at Denver. It was announced that the summer stag outing will be held July 17.

Lapeer Group Gets Hearing

LANSING, MICH. — Complaining former members of the long defunct Lapeer Farmers Mutual Fire finally won consent of the state administrative board to hear more details regarding their contention that they are not liable for unpaid assessments which in some cases have been carried to judgments and liens against their farm properties.

A large delegation appeared at a board session to argue for a full-scale hearing. They will be permitted to file affidavits and a brief and will be permitted a limited period for oral argument.

Joins Miller-Studebaker

H. R. Keifer, associated with the Anderson agency at Emporia, Kan., since 1946, has sold his interest to his partner, R. I. Anderson, and joined the Miller-Studebaker general agency of Topeka as state agent at Hutchinson.

Wisconsin C.P.C.U. Elects

MILWAUKEE—At the first annual meeting of the Wisconsin C.P.C.U., Harold Mielke, Employers Mutual, was elected president; Ray Swaziek, Market Men's Mutual, Milwaukee, vice-president; J. Leonard Henderson, American Mutual Fire, Milwaukee, secretary. Others on the board are S. G. Peterson, chairman of the education committee, Milwaukee; N. M. Bell, Stevens Point, and Donald Van Wart, Beloit. Ex-officio directors are John Cowee and E. H. Gaumnitz, professors at University of Wisconsin; Urban Krier, executive secretary of Wisconsin Assn. of

Insurance Agents; G. E. Schwarm, Schwarm Agency, and Harold Watson, Baerwald & Hoffman agency, Milwaukee. Plans were formulated to have classes at the University of Wisconsin extension division at Milwaukee to prepare candidates for examinations leading to the C.P.C.U. designation.

Tax Less Under New Law

LINCOLN, NEB.—Figures released by the state treasurer showed the first year under the new insurance premium tax law netted smaller revenue for the state.

The 1951 tax brought in \$970,594 for the state general fund while the previous year the figure was \$1,369,494. Other political subdivisions sharing in the tax also received about 20% less than the previous year.

The 1951 legislature changed the tax law after insurers contended the old system was unfair. Under the old law, insurance premiums collected were taxed at the same rate as tangible property. The new law substituted a 2% premium tax for foreign companies and .4% for Nebraska companies.

New Local Board at Chanute

A new local board has been organized at Chanute, Kan. W. Marcus Barbee is president; C. C. DeBolt, vice-president; Billy R. Coats, secretary; Edwin Bideau, treasurer.

EAST

Warfield Agency Chief of Pa. Threshermen

Pennsylvania Threshermen & Farmers' Mutual has appointed Edwin S. Warfield superintendent of agencies.

He entered insurance in 1925 and after experience in various phases of the business joined Celina Mutual Casualty. In 1938 he went with National Mutual as Pennsylvania-Maryland manager, with offices in Philadelphia. He is president of the Sparks Club, mutual field men's organization.

J. F. Doran Makes Change

Joseph F. Doran has been appointed staff claim adjuster in Newark and northern New Jersey for Automobile and Standard Fire. He was for four years with General Adjustment Bureau.

Fakes Auto Damage Report

BUFFALO—Witnesses in an alleged auto insurance "racket" case here testified that Edward G. Learman, former collision damage estimator for Travelers, accepted \$100 for submitting a falsified collision report.

Alfred Melchoirre, operator of a collision service, is reported to have been

Rules Out Court Cover

LOUISVILLE, KY.—Circuit court here has ruled that John M. Hennessy, local agent who last fall was elected circuit clerk can purchase only certain forms of insurance protection with office fees.

The court gave approval to a personal liability policy for Mr. Hennessy, but ruled out a comprehensive liability policy, a blanket bond for employees, burglary coverage, forgery bond and valuable papers coverage.

The suit was a friendly one to test Hennessy's authority to buy insurance which would cost \$1,865 annually. It is expected the question will be taken to appellate court.

the owner of an automobile involved in an allegedly "fake" collision here about a year ago. He said he paid Learman \$100 to submit the report. Another witness was Toney G. Pellici, owner of the second auto involved in the reported collision, who testified that no such collision ever occurred.

Hear Fougner, Morse

New Jersey C.P.C.U. at a meeting at Newark heard talks by Arne Fougner, president of Christiania General, and Robert M. Morse, director of the educational advisory department of American Institute.

Mr. Fougner discussed international reinsurance problems, stressing the seriousness of what he termed "inadequate rate levels" and the need for sizable increases in the very near future. Mr. Morse spoke on the proper method of study and approach to the C.P.C.U. examinations.

Farm Results Are Good

Howard S. Russell in his report as manager of Mutual Farm Underwriters, the organization which supervises farm fire business in Massachusetts and Rhode Island for agency mutual companies, said that the first year results under the revised farm rates proved satisfactory.

There was little change in volume even though the general tendency of the new rates was to effect a considerable premium saving for the well-kept and well-managed farm, Mr. Russell said. Where the agent was alert, he was usually able to revise the schedule upward to provide much needed additional coverage.

SOUTH

Plans Announced for Tenn. Agents' Meeting Oct. 20-21

The annual meeting of Tennessee Assn. of Insurance Agents will be held Oct. 20-21 at the Noel Hotel, Nashville, with the past presidents' meeting and dinner Sunday afternoon. George L. Goss, executive secretary, states that reservations are being made through his office at the Noel and Maxwell House. Nashville Insurers will be hosts.

Directors of the Tennessee association will hold a quarterly meeting at Chattanooga June 30. A regional meeting will follow, featuring a panel discussion on accident prevention with W. Everett Biggs, Knoxville, chairman of the association's safety committee, presiding. J. Byron Taylor, Chattanooga, vice-president of the association for east Tennessee and president of Chattanooga Insurers, will be panel moderator. A field man and an adjuster will be on the panel. Arch Northington, Clarks-ville, will speak on business interruption insurance. A banquet will close the meeting.

Goss Speaks at Clarksville

George L. Goss, executive secretary of Tennessee Assn. of Insurance Agents, addressed Clarksville Insurers on the four-point program of accident prevention advocated by the association.

Bond Firm Forms Agency

Kentucky Fire & Casualty Underwriters of Louisville has been incorporated to operate an agency there. All incorporators are with Bankers Bond Co. of Louisville, except Zellner Peal, who operates an agency at Lexington, Ky.

Insurance Women of Baton Rouge, La., elected Mrs. Jeanne Lee president; Miss Betty Lou Hebert and Mrs. Dorothy Gish vice-president; Miss Beverly Helms-ter and Mrs. Rena Arceneau secretaries; Mrs. Lella Comish treasurer.

COAST

Lyle Adjustment Moves to New Home Office Building

Lyle Adjustment Co. has completed its move to its own home office building at 623 North Second street, Phoenix, Ariz., just out of the congested downtown district. A formal opening is planned for the near future.

The new building comprises some 3,000 square feet of floor space, with well arranged offices for the administrative, adjusting and clerical departments. Ample parking is provided in the rear, including a remada for cars of company personnel.

A lunchroom and a large storage room are provided. The building is air conditioned.

In addition to the new home office, C. B. Lyle, president, states that all 12 offices will eventually be moved out to ground floor locations. Already such individual buildings are now being occupied at Tucson, Yuma, Mesa, Kingman, Winslow, Albuquerque, Santa Fe and Farmington.

Protection for Astoria Area

The city of Astoria has entered into a mutual assistance fire protection agreement with other municipalities in Clatsop county, Ore. James Hicks, deputy state fire marshal, has worked on the project for two years. A planned schedule of assistance to any community with a conflagration beyond its fire-fighting capacity has been arranged in such a way as to leave no area within the county stripped of its protection.

Crown-Zellerbach and the navy have extensive fire-fighting equipment at Tongue Point, Ore., which is being pooled into the arrangement.

Cal. Legislation Reviewed

Insurance Council of Los Angeles heard a discussion of insurance legislation on the state level by James P. Bennett, past president of Insurance Assn. of Los Angeles, and Van F. Joy, director of California Assn. of Insurance Agents.

They reviewed the situation at Sacramento, the bills before the 1951 session of the California legislature and the measures that probably will have to be watched at the 1953 session, including the compulsory automobile insurance bill and the one on comparative negligence.

Schlueter to Portland Post

H. J. Schlueter has been appointed manager of Swett & Crawford's Lloyds department at Portland, Ore. He was formerly with Swett & Crawford at Dallas and earlier at Los Angeles.

Service Office at Eugene

A new service office of the Phoenix-London group has been established at Eugene, Ore., with Robert DeGraw as special agent in charge. The new office services the southern Oregon field. Formerly Phoenix-London maintained only a claims office at Eugene.

Seattle Blanket Golf Tourney

Seattle Blanket Club will hold its annual golf tournament at Olympic Golf & Country Club June 19. Harry Givan of Johnson & Higgins, a former Walker Cup team player and leading amateur golfer in the northwest, will speak following the tournament.

The past presidents cup, presided to the club last fall, will be awarded for the first time.

The annual picnic of Portland, Ore., insurance people will be held July 23.

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Today, \$1000 "ain't what she used t' be"! Rising prices have devaluated an alarming number of the policies you wrote just a few years ago. Your own good reputation as a man on whom your insureds can depend for adequate protection, demands your reviewing all your older policies against *today's* costs. Dubuque F&M, this old established multiple line company, will help you reevaluate each coverage if you like. *Your immediate inquiry will be welcomed!*



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1. The NATIONAL PROTECTOR ACCIDENT POLICY puts them in a competitively superior position.
2. They get *everything* needed to understand and sell Accident Insurance in our unique "U-Write-It Plan" kit.
3. Our "U-Write-It Plan" lets their prospects set their own coverages and their own premium . . . without high-pressure selling, confusion or wasted time.

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F A M O U S A M E R I C A N H O M E S



The "Cornwallis" House...

VETERAN OF THREE WARS



WHEN Lord Cornwallis came to Wilmington in April 1781, as his headquarters he requisitioned part of the finest dwelling in town, the home of Judge Joshua Grainger Wright. Although he stayed only two weeks, this fine old North Carolina mansion has ever since been known as the Cornwallis House. For many years initials scratched on a windowpane in the drawing room were reminders of the brief romance between a junior officer on Cornwallis' staff and one of Judge Wright's lovely daughters. By an amazing coincidence, a century later when a descendant of the Wright family was returning to Wilmington from a trip abroad, she met on shipboard a young Englishman who confided that he was making a pilgrimage to the Cornwallis House to see the initials which one of his ancestors had engraved on a window with his heavy diamond ring.



The house was built in 1771 by the wealthy John Burgwin, treasurer of the colony. When he went to England at the start of the Revolution he leased the house to Judge Wright who later purchased it.

The foundations were built on the site of the old town jail. In the dungeon beneath the house were confined many rebellious colonists who disobeyed the edicts issued by Cornwallis. According to local lore, leading from the dungeon to the Cape Fear River was a tunnel through which many persons escaped.

This gracious home of Southern aristocrats was used by armed forces in three wars: During the Revolution it was occupied by the British; in the War Between the States it quartered Federal officers after Wilmington had been captured by Union armies; and in World War II it served as an officers' club.

The Cornwallis House is now the headquarters of the North Carolina Society of the Colonial Dames of America. Authentically restored, it is open to the public through the society's generosity.

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